



COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司

(incorporated in the Cayman Islands with limited liability)
(stock code : 120)

**INTERIM REPORT
2013**

Contents

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Interim Financial Information	15
Other Information	37

Corporate Information

DIRECTORS

Executive Directors:

Mr. Bong Shu Yin, Daniel (*Chairman*)

Mr. Cheng Sui Sang

Non-executive Directors:

Mr. Bong Shu Ying, Francis

Mr. Ng Kwai Kai, Kenneth

Mr. Leung So Po, Kelvin

Mr. Wong Po Man, Kenneth

Independent Non-executive Directors:

Mr. Li Ka Fai, David

Mr. Lee Choy Sang

Ms. Ka Kit

AUDIT COMMITTEE

Mr. Li Ka Fai, David (*Chairman*)

Mr. Lee Choy Sang

Ms. Ka Kit

REMUNERATION COMMITTEE

Mr. Lee Choy Sang (*Chairman*)

Mr. Bong Shu Yin, Daniel

Mr. Li Ka Fai, David

NOMINATION COMMITTEE

Mr. Bong Shu Yin, Daniel (*Chairman*)

Mr. Lee Choy Sang

Mr. Li Ka Fai, David

SECRETARY

Mr. Cheng Sui Sang

AUDITORS

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

P O Box 309, George Town

Grand Cayman

Cayman Islands

British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 801-802, 8th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

Website: www.cosmoholdings.com

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.

Industrial and Commercial Bank of China (Asia) Limited

Deutsche Bank A.G.

Standard Chartered Bank (Hong Kong) Limited

The Bank of East Asia Limited

Management Discussion and Analysis

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) achieved an unaudited consolidated profit of HK\$3,605,000 for the six months ended 30 September 2013, as compared to an unaudited consolidated profit of HK\$14,546,000 recorded in the six months ended 30 September 2012.

The reduction in the reported unaudited profit for the six months ended 30 September 2013 as compared to the six months ended 30 September 2012, though relatively minor in terms of the asset size of the Group, was primarily due to the following factors as listed below:

- (i) After the recognition of the decrease in the fair value of the derivative financial liability relating to the subscription options for the convertible bonds due 2013, which have since been fully subscribed and converted into new ordinary shares of the Company in September 2013, as offset by the decrease in the fair value of the financial instruments in the portfolio of the Group, there was a net gain of HK\$5,108,000 on changes in the overall fair value of the financial instruments for the six months ended 30 September 2013, as compared to a net gain of HK\$25,530,000 for the six months ended 30 September 2012.
- (ii) There was no income on disposal of financial assets at fair value through profit and loss recorded in the period under review due to reduced activities in securities trading, while a net gain of HK\$16,202,000 was realized from such activities during the six months ended 30 September 2012.
- (iii) There was an increase in finance costs of HK\$3,910,000 for the six months ended 30 September 2013 as compared to the six months ended 30 September 2012, mainly due to the accrued interest expenses on the considerations payable to the vendors for the acquisitions of the property projects in Chengdu and Tianjin in the PRC completed in September 2013.
- (iv) There was a gain of HK\$30,190,000 in the share of the results of jointly controlled entities derived from certain disposal transactions relating to the Chengdu Project completed in September 2013, as compared to an attributable loss of HK\$743,000 from jointly controlled entities for the six months ended 30 September 2012.

BUSINESS REVIEW

General

The principal activities of the Group during the period under review continued to be property development and investment, securities investments and other investments. The economies in Hong Kong and the PRC seemed to have performed slightly better than their counterparts in the US and Europe in the six months ended 30 September 2013. Though there are signs of a slow recovery in the US, the anticipated tapering of the quantitative easing in its monetary policy is casting uncertainties on general investment climate.

Management Discussion and Analysis

Since the beginning of 2013, the Group has been placing increasing focus on the PRC property development projects and has completed the acquisitions of two major projects in Chengdu and Tianjin, while disposing of its Rainbow Lodge properties in Hong Kong. Details of these transactions were contained in the Company's announcement dated 27 June 2013 and are further reported below in the paragraph under the heading "property development and investments".

During the period under review, general property prices in Hong Kong have adjusted downwards from high levels last year with transaction volume substantially reduced, mainly due to the government measures in imposing heavy stamp duties on property transactions. In the meantime, the PRC property market has stabilized, but in certain major cities, the property prices have strengthened further from last year, despite government measures and credit policies to restrain prices and demand and the implementation of government policies to commence aggressive low cost public housing projects.

During the six months ended 30 September 2013, there have been other material developments affecting the Group, in addition to the acquisitions and disposal of properties as reported above. On 2 July 2013, the option holders for subscription of further convertible bonds due 2013 exercised the options to subscribe for an additional principal amount of HK\$200 million, which was disclosed in the announcement of the Company on the same date. The aggregate principal amount of all outstanding convertible bonds amounted to HK\$541,450,000 after completion of subscription for such additional convertible bonds due 2013.

On 14 September 2013, a wholly owned subsidiary of P&R Holdings Limited ("**P&R Holdings**"), which is equally owned by Paliburg Holdings Limited ("**Paliburg**") and Regal Hotels International Holdings Limited ("**Regal**"), acquired from Giant Sino Group Limited, the then single largest shareholder of the Company, 2,291,076,090 ordinary shares of the Company, which represented approximately 19.44% of the entire issued share capital of the Company as at that date. On 16 September 2013, all outstanding convertible bonds of the Group for an aggregate principal amount of HK\$541,450,000 were converted by the P&R Holdings Group into 10,202,916,664 new ordinary shares of the Company. Following the completion of the acquisition and the allotment and issue of new shares pursuant to the conversion of the convertible bonds, P&R Holdings together with its concerted parties owned and controlled in aggregate 14,856,759,420 ordinary shares of the Company, representing approximately 67.57% of the entire issued share capital of the Company. As a result, P&R Holdings was required, and has procured P&R Strategic Limited (being a wholly owned subsidiary of P&R Holdings), to make an unconditional general cash offer under the Takeovers Code for all the ordinary shares of the Company, other than those already owned or agreed to be acquired by P&R Holdings and its concerted parties. Full details of the unconditional general cash offer are contained in the composite document relating to the aforesaid offer, which have been despatched to all shareholders of the Company on 11 November 2013.

As at 30 September 2013, cash and bank balances, pledged bank deposit and deposits placed with securities brokers within the Group amounted to HK\$479,987,000. The Group will review different available options to finance the planned business growth of the Group, including the development projects in Chengdu and Tianjin, but it is anticipated that presale proceeds will be generated by these PRC property development under several phases from 2014 to 2016.

Property development and investments

The Group is presently undertaking three major property development projects in the People's Republic of China ("**PRC**"), including the Chengdu Project, the Tianjin Project and the Xinjiang Project and is also working on a new project in Wuxi, as further reported below.

Management Discussion and Analysis

Chengdu Project

The Chengdu Project is now wholly owned by the Group. The Group owns the land use rights in respect of three parcels of land located in Chengdu City, Sichuan Province, the PRC, with an area of approximately 1,200,000 square feet. The Group plans to develop the Chengdu Project consisting of hotel, commercial, office and residential components with an overall total gross floor area of approximately 5,340,000 square feet on the subject land. The hotel will have 306 rooms and extensive facilities with a total gross floor area of approximately 446,000 square feet. The structural frame for the hotel development has been completed, external façade works are in progress and the construction works are scheduled to be completed in 2014. The first phase of the hotel is presently scheduled to be soft opened in the fourth quarter of 2014. The three residential towers included in the first stage of the project will have about 340 apartment units with car parking spaces and some ancillary commercial accommodation with a total gross floor area of approximately 490,000 square feet. The structural frames for the residential towers have also been completed and the construction works are scheduled to be completed by the third quarter of 2014. Presale of the residential units is anticipated to be launched in the first quarter of 2014. Development works for the other stages of the project comprising residential and commercial development including offices, shopping mall and serviced apartments are planned to be carried out progressively across the development period.

Tianjin Project

The Group acquired 100% interest in the Tianjin Project from Regal Group in September 2013. The Tianjin Project relates to the development of the Tianjin Land with a total site area of about 341,500 square feet. The proposed development of the Tianjin Land is preliminarily planned for commercial, office, hotel and residential purposes with a total gross floor area of about 1,560,000 square feet and is estimated to span over a development period up to 2016. The construction of the residential part of the Tianjin Project is targeted to be completed in 2016 while the presale of the residential properties is planned to commence in 2014. The construction of the hotel under the development is targeted to be completed in 2016. The development is planned to consist of two office towers which are targeted to be completed in 2016 while the presale of office properties are planned to commence in 2014 and 2015 respectively. The commercial part and car park of the development are targeted to be completed in 2015 while the presale of the relevant properties is planned to commence in the beginning of 2015.

Xinjiang Project

The Group through its wholly-owned subsidiary, Xinjiang Libao Ecological Development Company Limited, is engaged in a re-forestation and land grant project covering a parcel of land with a total site area of about 8,000 mu (equivalent to approximately 57,408,000 square feet) in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. The Group has successfully re-forested about 4,300 mu (equivalent to approximately 30,856,800 square feet) of the site. Pursuant to the relevant government policies of Urumqi City, the Group will be entitled to participate in the bidding for a parcel of development land with an area of about 1,843 mu (equivalent to approximately 13,225,368 square feet) (the “**Development Land**”) after the inspection procedures of the local government authorities are completed in compliance with the land grant listing and tender procedures.

Management Discussion and Analysis

In May 2013, the Group received confirmation from the relevant local government authority expressly affirming the re-forestation progress and achievements made by the Group, with particular reference to the Group's entitlements to participate in the bidding for the Development Land through the land grant listing and tender process in accordance with the relevant laws and policies. Accordingly, the amounts invested by the Group in the Xinjiang Project during the year ended 31 March 2013 of approximately HK\$42.8 million were classified as prepayment.

If the Group successfully acquires the Development Land, subject to, among other things, the then market environment, construction cost, finance cost, area, location and permitted use of the Development Land, the Group preliminarily plans to develop a mixed use complex comprising residential, hotel, recreational and commercial properties on the Development Land.

Based on the Group's current plan and the current market environment and situation, the Company believes that the Xinjiang Project has substantial market potential and value which could possibly be unlocked and realised.

Wuxi Project

On 31 October 2013, the Group entered into a cooperation agreement for business and investment encouragement (the "**Cooperation Agreement**") with 無錫市惠山區人民政府 (Wuxi Huishan District People's Government) and 無錫地鐵西漳站區管理委員會 (Wuxi Metro Xizhang Area Commission) (collectively, the "**Wuxi Government Parties**") in respect of the possible acquisition and development of a parcel of land (the "**Wuxi Land**") located at Huishan District, Wuxi City, Jiangsu Province, the PRC (the "**Wuxi Project**").

The Wuxi Land has a total site area of 937.5 mu (equivalent to approximately 6,727,500 square feet) and is adjacent to two stations of a railway system under construction. Subject to approval by the relevant regulatory authorities in the PRC, it is preliminarily planned for the Wuxi Land to be developed into a high-end residential, commercial and entertainment complex. The preliminarily indicative total investment for the potential development of the Wuxi Land would be in excess of RMB10 billion.

Pursuant to the Cooperation Agreement, the Wuxi Government Parties will make arrangements for putting out tenders for the grant of the land use rights in respect of the Wuxi Land. The Group has agreed to participate in the tenders (to be carried out in three stages within an overall period of three years) subject to, among other things, the initial bid price for the Wuxi Land under the tenders not being higher than the Group's intended acquisition price of RMB2.625 billion in total, obtaining approval from the relevant authority in the PRC in respect of the planning and design proposals of the Wuxi Land and satisfaction of other conditions and requirements of the tenders agreed between the parties to the Cooperation Agreement. The Wuxi Government Parties have agreed to provide support to the Group to bid and develop the Wuxi Land, which include, among other things, facilitating the Group to acquire the Wuxi Land at a price not more than the Group's intended acquisition price, and liaison with other related government departments for the obtaining of various licenses and permits necessary for the Wuxi Land development works.

Further details in relation to the Cooperation Agreement were set out in the joint announcement dated 31 October 2013 published by the Company.

Management Discussion and Analysis

Securities investments

Securities and other investments are part of the principal activities of the Group. The Group maintains an active investment portfolio of listed securities and bonds with an aggregate carrying value of HK\$114,003,000 as at 30 September 2013. Although the Group's securities trading activities was relatively low during the six months ended 30 September 2013, the Group will continue its securities and other investment business with a view to enhancing the returns on its liquid resources.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Current assets and current liabilities of the Group as at 30 September 2013 were HK\$2,588,924,000 and HK\$89,340,000 respectively (31 March 2013: HK\$428,848,000 and HK\$474,648,000 respectively). In July 2013, upon the exercise of the options by the optionholders to subscribe for further convertible bonds due 2013, the balance of the derivative financial liabilities relating to the subscription options previously included under current liabilities was transferred to the profit and loss account for the six months ended 30 September 2013. All outstanding convertible bonds were converted into issued ordinary shares of the Company on 16 September 2013.

The Group's gearing ratio as at 30 September 2013, based on net borrowings represented by the aggregate of bank borrowings and the amounts due to an intermediate holding company, a jointly controlled entity and a fellow subsidiary classified under non-current liabilities, net of cash and bank deposits (excluding pledged bank deposits) as a percentage of total assets, was approximately 56% (31 March 2013: 19%, which was then based on net borrowings represented by the aggregate of convertible bonds and bank borrowings, net of cash and bank balances (excluding pledged bank deposits) as a percentage of total assets).

During the period under review, the Group did not use any financial instruments for hedging purposes and there was no hedging instrument outstanding as at 30 September 2013 (31 March 2013: Nil).

The total issued ordinary shares of the Company has increased from 11,785,130,951 shares as at 31 March 2013 to 21,988,047,615 shares as at 30 September 2013, due to the conversion of all the outstanding convertible bonds on 16 September 2013 into new ordinary shares of the Company.

CONTINGENT LIABILITIES

There was no outstanding contingent liability of the Group as at 30 September 2013 (31 March 2013: Nil).

CAPITAL COMMITMENT

In November 2007, the Group entered into a shareholders agreement with a wholly-owned subsidiary of Regal in respect of the investment in Faith Crown Holdings Limited ("**Faith Crown**"), a jointly controlled entity of the Group, and its subsidiaries with a capital commitment of HK\$250,000,000 for each party in relation to a property development project in Chengdu, the PRC.

The Group has capital commitment of HK\$236,123,000 outstanding as at 30 September 2013 (31 March 2013: HK\$237,259,000) as relating to Faith Crown.

Management Discussion and Analysis

There are no projects presently held by Faith Crown as the remaining 30% interest in the property development project in Chengdu held by Faith Crown has been disposed on 13 September 2013 to a wholly owned subsidiary of the Group, and such development project is now 100% owned by the Group. Any new projects to be undertaken by Faith Crown will require the prior approval of the Group.

As at 30 September 2013, there are outstanding capital commitment of HK\$516,119,000 under the Group in respect of development projects in Chengdu and Tianjin.

OUTLOOK

In the past 12 months, the government measures on stamp duty and credit policy on property lending as imposed by the Monetary Authority in Hong Kong have dampened the market demand and the general sentiment and increased the costs of property transactions. As a result, volume of transactions have substantially reduced together with downward price adjustments, as buyers became more cautious. On the other hand, the market conditions of the property sector in the PRC seems to have been less affected by government measures which have been imposed in the past 18 months, possibly due to the solid demand for housing in first line cities.

However, the Group remains optimistic of the medium to longer term prospects of the property sector in the PRC and continues to be fully committed to the development projects in Chengdu, Tianjin and Xinjiang that are being undertaken by the Group. On the other hand, the Group will continue the negotiations with the relevant government authorities as regards the land exchange rights of the Xinjiang Project and is hopeful that satisfactory result could be achieved. The Group is actively reviewing other potential investment opportunities, particularly with respect to new property development projects in the PRC, with a view to achieving for the Group asset growth and profitability.

The Directors are confident that with the resources available at present, the Group will be able to progress ahead and to create long term value to the shareholders.

HUMAN RESOURCES

As at 30 September 2013, the Group had two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. There are forty-one full time employees working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with the market norm.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2013.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	<i>NOTES</i>	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Turnover	3	3,383	172,855
Revenue		3,383	5,011
Other operating income		1,583	994
Net gain on disposal of financial assets at fair value through profit or loss		—	16,202
Gain on changes in fair value of financial instruments, net	4	5,108	25,530
Administration expenses		(13,966)	(13,665)
Finance costs	5	(22,693)	(18,783)
Share of results of jointly controlled entities		30,190	(743)
Profit before tax	6	3,605	14,546
Income tax	7	—	—
Profit for the period		3,605	14,546
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translating foreign subsidiaries during the period		(1,403)	(83)
Share of other comprehensive expense of jointly controlled entities		(2,232)	—
Other comprehensive expense for the period		(3,635)	(83)
Total comprehensive (expense) income for the period		(30)	14,463

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	<i>NOTE</i>	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Profit for the period attributable to:			
Owners of the Company		3,605	14,577
Non-controlling interests		—	(31)
		<u>3,605</u>	<u>14,546</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(30)	14,494
Non-controlling interests		—	(31)
		<u>(30)</u>	<u>14,463</u>
Earnings (loss) per share	9		
– Basic		<u>0.03 HK cent</u>	<u>0.12 HK cent</u>
– Diluted		<u>0.03 HK cent</u>	<u>(0.15) HK cent</u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	NOTES	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Non-current assets			
Properties under construction	10	1,090,124	—
Properties under development	11	405,510	—
Goodwill	12	229,154	—
Plant and equipment	13	2,694	1,171
Investment properties	21	—	88,000
Interests in jointly controlled entities	14	588,443	559,348
		<u>2,315,925</u>	<u>648,519</u>
Current assets			
Properties under development	11	1,901,317	—
Prepayment, deposits and other receivables		91,409	44,750
Financial assets at fair value through profit or loss	15	114,003	107,946
Tax recoverable		2,208	2,208
Pledged bank deposits		12,212	24,592
Deposits placed with securities brokers		1,731	—
Cash and bank balances		466,044	249,352
		<u>2,588,924</u>	<u>428,848</u>
Current liabilities			
Accrued liabilities and other payables		44,160	6,089
Bank borrowings		12,212	12,212
Amounts due to securities brokers		—	2,915
Amount due to fellow subsidiaries	16	31,680	—
Derivative financial liabilities	17	—	7,878
Income tax payable		1,288	1,288
Convertible bonds	18	—	444,266
		<u>89,340</u>	<u>474,648</u>
Net current assets (liabilities)		<u>2,499,584</u>	<u>(45,800)</u>
Total assets less current liabilities		<u>4,815,509</u>	<u>602,719</u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2013

	NOTES	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Capital and reserves			
Share capital	19	4,398	2,357
Reserves		1,257,732	600,336
Equity attributable to owners of the Company		1,262,130	602,693
Non-controlling interests		26	26
Total equity		1,262,156	602,719
Non-current liabilities			
Amount due to an intermediate holding company	16	620,350	—
Amount due to a jointly controlled entity	16	1,193,899	—
Amount due to a fellow subsidiary	16	1,376,568	—
Deferred tax liabilities	22	362,536	—
		3,553,353	—
		4,815,509	602,719

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to owners of the Company											
	Share Capital	Share premium	Capital redemption reserve	Capital reserve	Exchange fluctuation reserve	Contributed surplus	Convertible bonds reserve	Other reserve	Retained earnings	Non-controlling interests	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
						(Note)				Total		
At 1 April 2013 (audited)	2,357	202,769	209	1,018	2,206	26,801	24,739	(1,076)	343,670	602,693	26	602,719
Recognition of equity component of the convertible bonds	—	—	—	—	—	—	1,356	—	—	1,356	—	1,356
Conversion of convertible bonds	2,041	682,165	—	—	—	—	(26,095)	—	—	658,111	—	658,111
Profit and total comprehensive (expense) income for the period	—	—	—	—	(3,635)	—	—	—	3,605	(30)	—	(30)
At 30 September 2013 (unaudited)	<u>4,398</u>	<u>884,934</u>	<u>209</u>	<u>1,018</u>	<u>(1,429)</u>	<u>26,801</u>	<u>—</u>	<u>(1,076)</u>	<u>347,275</u>	<u>1,262,130</u>	<u>26</u>	<u>1,262,156</u>
At 1 April 2012 (audited)	2,357	202,769	209	1,018	1,257	26,801	24,739	(620)	314,549	573,079	(388)	57,691
Profit and total comprehensive (expense) income for the period	—	—	—	—	(83)	—	—	—	14,577	14,494	(31)	14,463
At 30 September 2012 (unaudited)	<u>2,357</u>	<u>202,769</u>	<u>209</u>	<u>1,018</u>	<u>1,174</u>	<u>26,801</u>	<u>24,739</u>	<u>(620)</u>	<u>329,126</u>	<u>587,573</u>	<u>(419)</u>	<u>587,154</u>

Note:

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 at the time of the Group reorganisation in 1991, net of subsequent distributions. Under the Companies Law of Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Net cash (used in) generated from operating activities	(23,392)	101,999
Net cash generated from investing activities	43,298	85,606
Net cash generated from financing activities	199,921	12,212
Net increase in cash and cash equivalents	219,827	199,817
Cash and cash equivalents at beginning of the period	249,352	85,682
Effect of foreign exchange rate changes	(1,404)	(81)
Cash and cash equivalents at end of the period, represented by cash and bank balances and deposits placed with securities brokers	467,775	285,418

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

1. GENERAL

Cosmopolitan International Holdings Limited (the “Company”) is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the interim report for the six months ended 30 September 2013.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 (“Interim Financial Information”) is presented in Hong Kong dollar (“HK\$”). Other than those subsidiaries established in the People’s Republic of China (the “PRC”) whose functional currency is Renminbi (“RMB”), the functional currency of the Company and its subsidiaries (collectively referred as the “Group”) is HK\$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated interim financial statements in HK\$.

The principal activities of the Group are property investment, property development, securities investment and other investments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim 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 and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial statements have been prepared on the historical costs basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, the following amendments to the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial statements, Joint arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(International Financial Reporting Interpretation Committee) ("IFRIC") – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in these condensed consolidated interim financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated interim financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 27.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

3. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and investments.

Specifically, the Group's reportable segments same as operating segments under HKFRS 8 are as follows:

- (a) Securities trading – engaged in trading of equity securities; and
- (b) Property investment and development – engaged in property investment and property development.

The following is an analysis of the unaudited Group's turnover and results by reportable segments for six months ended 30 September 2013 and 2012:

	Securities trading		Property investment and development		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Segment turnover	<u>2,959</u>	<u>172,387</u>	<u>424</u>	<u>468</u>	<u>3,383</u>	<u>172,855</u>
Revenue						
External	<u>2,959</u>	<u>4,543</u>	<u>424</u>	<u>468</u>	<u>3,383</u>	<u>5,011</u>
Segment profit (loss)	<u>143</u>	<u>8,393</u>	<u>(9,355)</u>	<u>(4,958)</u>	<u>(9,212)</u>	<u>3,435</u>
Other operating income					<u>1,583</u>	<u>994</u>
Unallocated corporate expenses					<u>(11,554)</u>	<u>(8,182)</u>
Gain on changes in fair value of derivative financial instrument related to convertible bonds					<u>7,878</u>	<u>37,825</u>
Share of results of jointly controlled entities					<u>30,190</u>	<u>(743)</u>
Finance costs (unallocated)					<u>(15,280)</u>	<u>(18,783)</u>
Profit for the period	<u>3,605</u>	<u>14,546</u>			<u>3,605</u>	<u>14,546</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by reportable segments.

	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Securities trading	114,003	107,946
Property investment and development	<u>3,626,441</u>	<u>131,125</u>
Total segment assets	3,740,444	239,071
Unallocated corporate assets	<u>1,164,405</u>	<u>838,296</u>
Consolidated assets	<u>4,904,849</u>	<u>1,077,367</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than interests in jointly controlled entities, tax recoverable, pledged bank deposits, cash and bank balances and assets for central administration.

4. GAIN ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Loss on change in fair value of financial assets at fair value through profit or loss	(2,770)	(12,295)
Gain on change in fair value of derivative financial liabilities	<u>7,878</u>	<u>37,825</u>
	<u>5,108</u>	<u>25,530</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

5. FINANCE COSTS

	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Imputed interest expenses on convertible bonds	15,201	18,368
Interest on amounts due from related parties (note 25)	7,413	—
Interest on bank and other borrowings wholly repayable within five years	79	415
	22,693	18,783

6. PROFIT BEFORE TAX

Profit before tax is stated after charging (crediting):

	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
Depreciation on plant and equipment	163	53
Operating lease charges on rented premises	784	655
Foreign exchange gain, net	(1,447)	(268)

7. INCOME TAX

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2013 and 2012 since the assessable profits is wholly absorbed by tax losses brought forward or the Group did not generate any assessable profits arising in Hong Kong.

No income tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for the six months ended 30 September 2013 and 2012.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

9. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September 2013 Unaudited HK\$'000	Six months ended 30 September 2012 Unaudited HK\$'000
<i>Earnings</i>		
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	3,605	14,577
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial liabilities	—	(37,825)
Profit (loss) for the purpose of diluted earnings (loss) per share	3,605	(23,248)
<i>Number of ordinary shares</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	12,569,971	11,785,131
Effect of dilutive potential ordinary shares:		
Options to subscribe for additional convertible bonds	—	3,333,333
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	12,569,971	15,118,464

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

9. EARNINGS (LOSS) PER SHARE *(Continued)*

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per shares for the six months ended 30 September 2013 have reflected the issuance of new shares pursuant to the conversion of all the Company's outstanding convertible bonds set out in note 18.

Diluted earnings per share is same as basic earnings per share for the six months ended 30 September 2013. The computation of diluted earnings per share does not assume the conversion/exercise of the Company's outstanding convertible bonds and options to subscribe for additional convertible bonds since their conversion/exercise would result in an anti-dilutive effect on the basic earnings per share for the six months ended 30 September 2013.

For the six months ended 30 September 2012, the diluted loss per share would reduce if the convertible bonds outstanding as at 30 September 2012 were taken into account, as those convertible bonds had an anti-dilutive effect and were hence ignored in the calculation of diluted loss per share.

10. PROPERTIES UNDER CONSTRUCTION

	30 September 2013 Unaudited HK\$'000
At the beginning of the period	—
Acquisition of subsidiaries (note 20(a))	1,089,792
Additions	332
At the end of the period	1,090,124

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

11. PROPERTIES UNDER DEVELOPMENT

	30 September 2013 Unaudited HK\$'000
At the beginning of the period	—
Acquisition of subsidiaries (note 20(a) and 20(b))	2,304,540
Additions	2,287
At the end of the period	<u>2,306,827</u>
Analysis as:	
Non-current	405,510
Current	1,901,317
	<u>2,306,827</u>

12. GOODWILL

	HK\$'000
At the beginning of the period	—
Acquisition of subsidiaries (note 20(a))	229,154
At the end of the period	<u>229,154</u>

13. PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group incurred approximately HK\$338,000 (six months ended 30 September 2012: approximately HK\$210,000) on additions to plant and equipment.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Cost of investments	1	1
Loans to jointly controlled entities	13,877	12,741
Share of post-acquisition reserves	574,565	546,606
	588,443	559,348

During the six months ended 30 September 2013, the jointly controlled entity of the Group disposed of its entire equity interests in two associate entities and the shareholder's loans at an aggregate consideration of approximately HK\$542,975,000 (the "Disposal Transactions") to the Group as set out in note 20. Upon the completion of the Disposal Transactions, the jointly controlled entity would recognise a gain on disposal of its interests in these two associate entities. Since the Disposal Transactions are entered into between the Group and the jointly controlled entity, the Group should not recognise its share of the profits from the jointly controlled entity arising from the Disposal Transactions until the Group resells the assets (interest in these two associate entities) to an independent third party.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Held for trading investments		
Equity securities listed in Hong Kong	73,213	66,875
Corporate bonds listed in Hong Kong	22,757	22,824
Corporate bonds listed in overseas	18,033	18,247
	114,003	107,946

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

16. AMOUNT DUE TO FELLOW SUBSIDIARIES/INTERMEDIATE HOLDING COMPANY/ JOINTLY CONTROLLED ENTITY/A FELLOW SUBSIDIARY

For the amount due to fellow subsidiaries which is classified as current liabilities, it is unsecured, interest-free and repayable on demand.

For the amount due to an intermediate holding company, joint controlled entity and a fellow subsidiary, these amounts are secured by the Group's certain equity interests in subsidiaries, bearing interest at 5% per annum and repayable within three years at the discretion of the Group, hence it is classified as non-current liabilities.

17. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging purpose and represent:

Options to subscribe for convertible bonds

30 September	31 March
2013	2013
Unaudited	Audited
HK\$'000	HK\$'000
—	7,878

Options to subscribe for additional convertible bonds were granted by the Group in conjunction with the issue of the convertible bonds due 2013 in the principal amount of HK\$200,000,000 by the Group on 15 February 2008. The details of such convertible bonds and options are set out in note 18.

On 2 July 2013, the options holders exercised the options to subscribe for additional convertible bonds due 2013 for the aggregate principal amount of HK\$200,000,000, and the maturity date of the related additional convertible bonds was 30 September 2013 and set out in note 18.

As at 31 March 2013, the fair value of the options to subscribe for additional convertible bonds was valued by Grant Sherman Appraisal Limited, which is an independent qualified professional valuer not connected with the Group. The valuation was made by using the Binomial Option Pricing Model and considering the present value of the stream of future cash flows discounted at the interest rate of 4.75%.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

17. DERIVATIVE FINANCIAL LIABILITIES (Continued)

The inputs into the model were as follows:

	At 31 March 2013
Spot price	HK\$260,596,000
Exercise price	HK\$200,000,000
Risk free rate	0.080%
Expected options life	0.26 year
Expected volatility	52.88%
Expected dividend yield	Nil

18. CONVERTIBLE BONDS

On 17 May 2007, the Company's wholly-owned subsidiary, Fancy Gold Limited, issued convertible bonds in the principal amount of HK\$205,000,000 ("CB2010") with maturity date on 16 May 2010. On 26 April 2010, the Group entered into a deed of variation with a holder of CB2010 to extend the maturity date of remaining CB2010 in the principal amount of HK\$141,450,000 from 16 May 2010 to 16 May 2011. On 27 April 2011, the Group entered into another deed of variation to further extend the maturity date of CB2010 in the principal amount of HK\$141,450,000 from 16 May 2011 to 14 February 2013. On 16 November 2012, the Group further entered into another deed of variation to further extend the maturity date of CB2010 in the principal amount of HK\$141,450,000 from 14 February 2013 to 30 September 2013.

On 15 February 2008, the Company's wholly-owned subsidiary, Apex Team Limited, issued convertible bonds in the principal amount of HK\$200,000,000 ("CB2013") with maturity date on 14 February 2013, and options were granted by the Group to subscribe for another convertible bond in an additional principal amount of up to HK\$200,000,000 ("CB 2013 Optional Bonds"). On 16 November 2012, the Group entered into deeds of variation to extend the maturity date of CB 2013 in the aggregate principal amount of HK\$200,000,000 from 14 February 2013 to 30 September 2013. On the same date, the Group also entered into extension agreements to extend the expiry date of the options from 16 November 2012 to 2 July 2013 and the maturity date of the CB2013 Optional Bonds from 14 February 2013 to 30 September 2013.

On 2 July 2013, the options holders exercised the options to subscribe for additional convertible bonds due 2013 for the aggregate principal amount of HK\$200,000,000.

On 16 September 2013, all convertible bonds' holders converted the CB2010, CB2013 and CB2013 Optional Bonds in the principal amount of HK\$141,450,000, HK\$200,000,000 and HK\$200,000,000 respectively into 3,536,250,000, 3,333,333,332 and 3,333,333,332 new ordinary shares of the Company at the then prevailing conversion price of HK\$0.04 per share, HK\$0.06 per share and HK\$0.06 per share respectively.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2012, 31 March 2013 and 30 September 2013, HK\$0.0002 each	1,250,000,000	250,000
Issued and fully paid:		
At 1 April 2012 and 31 March 2013, HK\$0.0002 each	11,785,131	2,357
Issue of new shares upon the conversion of convertible bonds (note 18)	10,202,917	2,041
At 30 September 2013, HK\$0.0002 each	21,988,048	4,398

All the new ordinary shares issued rank pari passu in all respects within the existing shares.

20. ACQUISITION OF SUBSIDIARIES

On 27 June 2013, the Group entered into sale and purchase agreements with (i) Faith Crown Holdings Limited ("Faith Crown", a jointly controlled entity owned as to 50% by the Group) and P&R Holdings Limited ("P&R Holdings") and (ii) Regal International (BVI) Holdings Limited ("Regal BVI"), in relation to the entire equity interest in (i) Excel Crown Investments Limited ("Excel Crown") and its subsidiaries (hereinafter collectively referred to as the "Excel Crown Group") and Joyous Unity Investments Limited ("Joyous Unity") and its subsidiaries (hereinafter collectively referred to as the "Joyous Unity Group") (hereinafter collectively referred to as the "Chengdu Group") and (ii) Grand Praise Investments Limited ("Grand Praise") and its subsidiaries (hereinafter collectively referred to as the "Tianjin Group") respectively. Details of the above transactions were set out in the circular of the Company dated 28 August 2013. The transactions were approved by the independent shareholders of the Company as set out in the announcement of the Company dated 13 September 2013, on which date control of Excel Crown Group, Joyous Unity Group and Tianjin Group were transferred to the Group.

Prior to the acquisition of entire equity interest in Excel Crown and Joyous Unity by the Group, the shareholders of Excel Crown and Joyous Unity are P&R Holdings Limited ("P&R Holdings", the intermediate holding company of the Group as at 30 September 2013) and Faith Crown, which hold 70% and 30% equity interests in each of the Excel Crown and Joyous Unity respectively.

Excel Crown Group, Joyous Unity Group and Tianjin Group are principally engaged in property development in the PRC.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

20. ACQUISITION OF SUBSIDIARIES (Continued)

- (a) The fair value of the identifiable assets and liabilities of Excel Crown Group and Joyous Unity Group recognised at the date of completion (subject to adjustments based on audited completion accounts) are as follows:

	Excel Crown Group <i>HK\$'000</i>	Joyous Unity Group <i>HK\$'000</i>
Non-current assets		
– Property, plant and equipment – properties under construction	—	1,089,792
– Properties under development	405,504	—
– Other non-current assets	843	1
Current assets		
– Properties under development	481,536	—
– Amounts due from fellow subsidiaries	—	278,593
– Other current assets	11,337	14,568
Current liabilities		
– Amounts due to fellow subsidiaries	(278,517)	—
– Other current liabilities	(18,348)	(41,893)
Non-current liabilities		
– Amounts due to shareholders	(128,329)	(365,213)
– Deferred tax liabilities	(123,878)	(238,658)
Net assets	350,148	737,190
Amounts due to shareholders assigned to the Group	128,329	365,213
Provisional fair value of identifiable assets and liabilities	<u>478,477</u>	<u>1,102,403</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

20. ACQUISITION OF SUBSIDIARIES (Continued)

(a) (Continued)

Goodwill arising on acquisitions (subject to adjustments based on audited completion accounts)

The amount of goodwill which represents the cost of acquisition over the Group's share of provisional fair value of net identifiable assets of the Excel Crown Group and Joyous Unity Group are approximately HK\$229,154,000, which is analysed as follows:

	<i>HK\$'000</i>
Total fair value of considerations	1,810,034
Less: Total provisional fair value of identifiable assets and liabilities acquired	<u>(1,580,880)</u>
Goodwill on acquisitions	<u><u>229,154</u></u>

An analysis of the cash flows in respect of the acquisition of Excel Crown Group and Joyous Unity Group is as follows:

	<i>HK\$'000</i>
Cash considerations (note)	—
Cash and bank balances acquired (included in other current assets)	<u>23,957</u>
Net cash inflow of cash and cash equivalents included in cash flows from investing activities	<u><u>23,957</u></u>

Since the acquisition, both Excel Crown Group and Joyous Unity Group contributed loss of approximately HK\$258,000 and HK\$42,000 respectively to the Group's consolidated profit for the six months ended 30 September 2013.

Had the acquisitions taken place at the beginning of the period ended 30 September 2013, the Group would record consolidated loss for the period of approximately HK\$1,261,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2013, nor it intended to be a projection of future results.

Note: Pursuant to the sale and purchase agreements with the vendors, the purchase considerations on acquisition of Excel Crown Group and Joyous Unity Group could be settled by the Group within 3 years after the completion of the acquisitions; hence there is no cash outflow on the date of completion in relation to such acquisitions of subsidiaries.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

20. ACQUISITION OF SUBSIDIARIES (Continued)

- (b) The fair value of the identifiable assets and liabilities of Tianjin Group recognised at the date of completion (subject to adjustments based on audited completion accounts) are as follows:

	<i>HK\$'000</i>
Non-current assets	
– Other non-current assets	504
Current assets	
– Properties under development	1,417,500
– Other current assets	49,608
Current liabilities	
– Other current liabilities	(6,397)
Non-current liabilities	
– Amounts due to shareholders	(1,306,689)
Net assets	154,526
Amounts due to shareholders assigned to the Group	1,306,689
Provisional fair value of identifiable assets and liabilities	1,461,215
Fair value of consideration	1,461,215

Since the assets of Tianjin Group comprise a parcel of land located in Tianjin City in the PRC and cash and bank balances held by the Tianjin Group, hence the acquisition of Tianjin Group was accounted for as acquisition of assets and no goodwill/gain on bargain purchase was being recognised.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

20. ACQUISITION OF SUBSIDIARIES (Continued)

(b) (Continued)

An analysis of the cash flows in respect of the acquisition of Tianjin Group is as follows:

	HK\$'000
Cash considerations (note)	—
Cash and bank balances acquired (included in other current assets)	11,172
	<hr/>
Net cash inflow of cash and cash equivalents included in cash flows from investing activities	11,172
	<hr/> <hr/>

Since the acquisition, the Tianjin Group contributed loss of approximately HK\$1,960,000 to the Group's consolidated profit for the six months ended 30 September 2013.

Had the acquisition taken place at the beginning of the period ended 30 September 2013, the Group would record consolidated loss for the period of approximately HK\$383,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2013, nor it intended to be a projection of future results.

Note: Pursuant to the sale and purchase agreement with the vendor, the purchase consideration on acquisition of Tianjin Group could be settled by the Group within 3 years after the completion of the acquisition; hence there is no cash outflow on the date of completion in relation to such acquisition of subsidiaries.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

21. DISPOSAL OF SUBSIDIARIES

On 27 June 2013, the Group entered into a sale and purchase agreement with P&R Holdings, pursuant to the agreement, the Group would dispose of its entire equity interest in Kola Glory Limited, a wholly-owned subsidiary, and its subsidiaries (hereinafter collectively referred to as the "Kola Glory Group") which were operated under the property investment and development segment and assign the shareholder loans of approximately HK\$95,147,000 to P&R Holdings at the consideration of approximately HK\$87,965,000. The disposal was completed on 13 September 2013, on which date control of Kola Glory Group was passed to the purchaser.

The net assets of the Kola Glory Group disposed of at the date of disposal were as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Investment property	88,000
Current assets	
Other receivables, deposits and prepayments	237
Bank balances and cash	118
	<u>355</u>
Current liabilities	
Other payables and accrual	(390)
Amount due to a shareholder	(95,147)
	<u>(95,537)</u>
Net current liabilities	<u>(95,182)</u>
Net liabilities	(7,182)
Add: Assignment of the amount due to a shareholder by the Group to purchaser	95,147
Net assets disposed of	<u><u>87,965</u></u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

21. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Kola Glory Group is as follows:

	HK\$'000
Cash consideration (note)	—
Bank balances and cash disposed of	(118)
Net cash outflow of cash and cash equivalents included in cash flows used in investing activities	<u>(118)</u>

Note: Pursuant to the sale and purchase agreement with the purchaser, the sale proceed would be used to offset the purchase consideration with the vendor from the acquisition transaction in respect of the Tianjin Group as stated in note 20 above, hence there is no cash inflow in relation to the disposal of Kola Glory Group.

22. DEFERRED TAX LIABILITIES

	HK\$'000
At the beginning of the period	—
Acquisition of subsidiaries (note 20(a))	362,536
At the end of the period	<u>362,536</u>

23. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September	31 March
	2013	2013
	Unaudited	Audited
	HK\$'000	HK\$'000
Within one year	2,835	742
2 to 5 years inclusive	2,795	16
	<u>5,630</u>	<u>758</u>

Operating lease payments represent rental payable by the Group for certain of its office premises and the staff quarters. The leases were negotiated for an average terms of two years and with fixed rentals.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

24. CAPITAL COMMITMENTS

Commitments contracted but not provided for in respect of:

	30 September 2013 Unaudited HK\$'000	31 March 2013 Audited HK\$'000
Investments in jointly controlled entities (<i>Note a</i>)	236,123	237,259
Property development projects	516,119	—

Note a: In November 2007, the Group entered into a shareholders agreement with a wholly-owned subsidiary of Regal in respect of an investment in Faith Crown, a jointly controlled entity of the Group, and its subsidiaries with a capital commitment of HK\$250,000,000 for either party in relation to a property development project in Chengdu, the PRC.

There are no projects presently held by Faith Crown as the remaining 30% interest in the property development project in Chengdu held by Faith Crown has been disposed on 13 September 2013 to a wholly-owned subsidiary of the Group as disclosed in note 20(a), and such development project is now 100% owned by the Group. Any new projects to be undertaken by Faith Crown will require the prior approval of the Group.

25. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2013, other than as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following related party transactions during the period:

	30 September 2013 Unaudited HK\$'000	30 September 2012 Unaudited HK\$'000
Related company		
Building management fee (<i>Note a</i>)	235	246
Rental income (<i>Note b</i>)	180	180
Finance costs (<i>Note c</i>)	7,413	—

Note a: The Group paid the building management fee of approximately HK\$235,000 (2012: HK\$246,000) to Paliburg Estate Management Limited in connection with the Group's investment properties during the period ended 30 September 2013. The fee was mutually agreed between the Group and the related company. Two directors of the Company, Mr. Ng Kwai Kai, Kenneth and Mr. Wong Po Man, Kenneth, are also directors of the related company.

Note b: The Group received the rental income of HK\$180,000 from Regal Hotels International Holdings Limited in connection with sub-letting the Group's office during the period ended 30 September 2013 and 2012. The fee was mutually agreed between the Group and the related company. Regals Hotels is the 50% equity holder of the jointly controlled entity of the Group.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

25. RELATED PARTY TRANSACTIONS (Continued)

Note c: On 27 June 2013, the Group entered into certain sale and purchase agreements in relation to the acquisitions of the entire equity interest in Excel Crown Group, Joyous Unity Group and Tianjin Group and details set out in note 20. Pursuant to these sale and purchase agreements, interest at an annual rate of 5% will be charged to the outstanding considerations.

26. NON-CASH TRANSACTIONS

As disclosed in note 18, the holders of convertible bonds had exercised the conversion rights to convert all the convertible bonds into the shares of the Company, hence there is no cash inflow in relation to the issuance of new shares during the period.

As disclosed in note 20, pursuant to the sale and purchase agreements with the vendors, the purchase consideration on acquisitions of subsidiaries could be settled by the Group within 3 years after the completion of the acquisitions; hence there is no cash outflow in relation to the acquisitions of subsidiaries.

As disclosed in note 21, pursuant to the sale and purchase agreement with the purchaser, the sale proceeds from the disposal of subsidiaries would be used to offset the purchase consideration payable to the vendor for the acquisition transaction in respect of the Tianjin Group as stated in note 20 above, hence there is no cash inflow in relation to the disposal of subsidiaries.

27. FAIR VALUE MEASUREMENT

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2013

27. FAIR VALUE MEASUREMENT (Continued)

As at 30 September 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets			
Financial assets at fair value through profit or loss (Note a)	114,003	—	114,003
Financial liabilities			
Derivative financial liabilities (Note b)	—	—	—

As at 31 March 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets			
Financial assets at fair value through profit or loss (Note a)	107,946	—	107,946
Financial liabilities			
Derivative financial liabilities (Note b)	—	7,878	7,878

Valuation technique(s) and key input(s) for the financial instruments of the Group as follows:

Note a: For the financial assets at fair value through profit or loss, it is determined based on the quoted bid prices in active markets.

Note b: For the derivative financial liabilities, it is determined based on the general accepted valuation technique, please refer to note 17 for details.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair value.

28. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 31 October 2013, the Group entered into a co-operation agreement with the Wuxi Government Parties in respect of the possible acquisition and development of the land located at Huishan District, Wuxi City, Jiangsu Province, the PRC. The details of the co-operation agreement was set out in the Company's announcement dated 31 October 2013.

DIRECTORS' INTERESTS IN SHARE CAPITAL

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 30 September 2013, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30 September 2013, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Name	Number of shares held	Percentage of the Company's share capital
Fountain Sky Limited (<i>Note 1</i>)	334,000,000	1.52%
Great Select Holdings Limited (<i>Note 1</i>)	466,666,666	2.12%
Jumbo Pearl Investments Limited (<i>Note 1</i>)	1,666,666,666	7.58%
Lendas Investments Limited (<i>Note 1</i>)	2,941,076,090	13.38%
Sun Joyous Investments Limited (<i>Note 1</i>)	1,666,666,666	7.58%
Time Crest Investments Limited (<i>Note 1</i>)	1,666,666,666	7.58%
Valuegood International Limited (<i>Note 1</i>)	3,536,250,000	16.08%
Well Mount Investments Limited (<i>Note 1</i>)	1,666,666,666	7.58%
Winart Investments Limited (<i>Note 1</i>)	900,000,000	4.09%
Giant Sino Group Limited (<i>Note 2</i>)	2,112,500,000	9.61%
Culture Landmark Investment Limited (<i>Note 3</i>)	1,446,064,745	6.58%
New Asia Media Development Limited (<i>Note 3</i>)	1,446,064,745	6.58%

Save as disclosed herein, there was no other person who, as at 30 September 2013, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

Other Information

Notes:

1. Each of Fountain Sky Limited, Great Select Holdings Limited, Jumbo Pearl Investments Limited, Lendas Investments Limited, Sun Joyous Investments Limited, Time Crest Investments Limited, Valuegood International Limited, Well Mount Investments Limited and Winart Investments Limited is a wholly-owned subsidiary of P&R Holdings Limited ("P&R"), which is owned as to 50% each by Paliburg Holdings Limited ("Paliburg") and Regal Hotels International Holdings Limited ("Regal Hotels") through their respective wholly owned subsidiaries.

Regal Hotels is a listed subsidiary of, and was owned as to 55.59% as at 30 September 2013 by, Paliburg Development BVI Holdings Limited ("PDBVI"). PDBVI is a wholly owned subsidiary of Paliburg. Paliburg is a listed subsidiary of, and was owned as to 62.21% as at 30 September 2013 by, Century City BVI Holdings Limited ("CCBVI"). CCBVI is a wholly owned subsidiary of Century City International Holdings Limited ("Century City"), which is a listed company controlled by, and was owned as to 58.24% as at 30 September 2013 by, Mr. Lo Yuk Sui.

Each of P&R, Regal Hotels, PDBVI, Paliburg, CCBVI, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Fountain Sky Limited, Great Select Holdings Limited, Jumbo Pearl Investments Limited, Lendas Investments Limited, Sun Joyous Investments Limited, Time Crest Investments Limited, Valuegood International Limited, Well Mount Investments Limited and Winart Investments Limited under Part XV of the SFO.

2. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman of the Company and an Executive Director). Space Capital Investments Limited was deemed to be interested in the 2,112,500,000 shares held by Giant Sino Group Limited.
3. New Asia Media Development Limited is a wholly owned subsidiary of Culture Landmark Investment Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CHANGE IN INFORMATION OF DIRECTORS

There are no change in the information of the Directors of the Company since the publication of the annual report of the Company for year ended 31 March 2013 required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

CORPORATE GOVERNANCE

Code of Corporate Governance Practices

The Company has complied with the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2013, except that:

- (1) The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual; and
- (2) The Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms.

The deviation in item (1) above is due to the practical necessity and effective management on account of the Group's corporate operating structure.

Although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

Model Code for Securities Transactions by Directors

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 as a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2013.

REVIEW OF RESULTS

The Audit Committee of the Company comprises Mr. Li Ka Fai, David (Chairman of the Committee), Mr. Lee Choy Sang and Ms. Ka Kit, all Independent Non-executive Directors of the Company.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group as well as the auditing, internal control and financial reporting matters, including the review of the unaudited consolidated financial statements for the six months period ended 30 September 2013.

Other Information

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 20 December 2005 and a copy of its latest terms of reference adopted by the Board is posted on the website of the Company and the Stock Exchange. The remuneration committee comprises the Chairman, Mr. Lee Choy Sang (an Independent Non-executive Director), Mr. Bong Shu Yin, Daniel (an Executive Director and Chairman of the Board) and Mr. Li Ka Fai (an Independent Non-executive Director). The remuneration committee holds at least one meeting every year. The principal responsibilities of the remuneration committee include the formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the senior management. The remuneration and the employment contracts of any newly appointed Directors and any compensation for removal and dismissal of Directors have also to be reviewed and approved by the remuneration committee.

NOMINATION COMMITTEE

The Company has established the nomination committee with specific written terms of reference to deal with its authority and duties and is adopted by the Board and posted on the website of the Company and the Stock Exchange. The nomination committee comprises the Chairman, Mr. Bong Shu Yin, Daniel, Mr. Li Ka Fai, David and Mr. Lee Choy Sang (both being Independent Non-executive Directors). The nomination committee holds at least one meeting every year. The nomination committee is responsible for formulating and making recommendations to the Board on nomination and appointment of Directors and on the Board's succession planning according to the standards set forth in Rules 3.08 and 3.09 of the Listing Rules and also to assess the independence of the Independent Non-executive Directors according to the criteria set out in Rule 3.13 of the Listing Rules.