



宇业控股

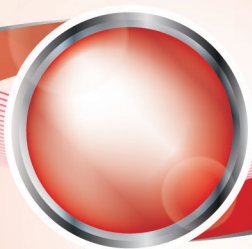
U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 2327)



2014
INTERIM REPORT



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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 2906, Lippo Centre,

89 Queensway,

Admiralty,

Hong Kong

Auditors

BDO Limited

Certified Public Accountants

Principal Banker

Nanyang Commercial Bank Ltd.

Principal Share Registrar and Transfer Office

Codan Services Limited

Clarendon House,

2 Church Street,

Hamilton, HK11,

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong

Company Website

www.u-home.hk

Stock Code

2327

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The directors (the “Directors”) of U-Home Group 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 2014 (the “Period”).

During the period, profit attributable to owners of the Company amounted to HK\$3,580,000, representing a decrease of 96.2% from the same period last year of HK\$93,251,000. The substantial drop in profit was mainly as a result of the absence of an one-off gain of approximately HK\$100,069,000 from the disposal of a subsidiary and the absence of the share of results of associates of approximately HK\$27,135,000 recorded for the first half of 2013.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: Nil).

Significant Events

Entered into the Framework Agreement with U-Home Group Limited in respect of the Continuing Connected Transactions

Reference is made to the announcement of the Company dated 3 March 2014 and 19 May 2014 in relation to the Continuing Connected Transactions. Unless otherwise defined herein, capitalised terms in this announcement shall have the same meaning as given to them in the Announcement.

南京拓宇置業管理有限公司 (Nanjing Tuoyu Property Management Co., Ltd.*), a wholly-owned subsidiary of the Company, entered into a framework cooperation agreement with U-Home Group in May 2014. Such business is expected to generate revenue of not more than HK\$112,500,000 to the Company between 2015 and 2017.

In addition, the Company resolved the cooperation with U-Home Group Limited to develop a residential project located in Chizhou City, Anhui Province, the PRC, which was approved at a general meeting in January 2014. In view of the additional time required for the permits and approvals set forth in the JV Agreement to be obtained, the parties to the JV agreement have entered into a further extension agreement to the JV Agreement to extend the Long Stop Date to 31 December 2014.

Business Review

Trading Business

During the period, turnover from trading business was HK\$485,000, representing a decrease of 97.1% from the previous year; the losses of this segment amounted to a loss HK\$1,354,000, which was mainly due to the lower of the turnover. Trading product sales of the healthcare products to an authorized agent in Hong Kong.

R&D and Project Management

The Group has commenced joint effort chemical and biological researches with R&D institution in Hong Kong since 2007. 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 phrasal 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 shall transfer the technical documents of the product technology to YJB within six months upon signing the technology transfer agreement; at phase 2, the Group shall 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 the construction of the plant had been completed in July 2014.

At phase 3, the Group shall assist YJB to (i) commence full scale production of such pharmaceutical bulk materials products at a designated production capacity and ensure that the production cost of such bulk materials shall not exceed the prescribed unit cost, and (ii) obtain the registration certificates of such products as well as the certification of "Good Manufacturing Practice" issued by the State Food and Drug Administration of the PRC by no later than 31 March 2015.

According to the technology transfer agreement, invoices of RMB51,000,000 shall be issued upon satisfaction of the pre-conditions set for phase 3 as mentioned above. The payment schedule may be extended by mutual agreement between the parties to the technology transfer agreement, while the maximum consideration shall 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\$480,000, representing a decrease of 83.4% compared to the previous year, which was mainly derived from gain from rental income.

Prospects

During the Period, U-Home Holdings set up a wholly-owned subsidiary 南京拓宇置業管理有限公司(Nanjing Tuoyu Property Management Co., Ltd*) in Nanjing, China under the existing medicine trading business and R&D and project management business, in order to develop property sales and consultancy services. Meanwhile, it worked with U-Home Group to jointly develop the Chizhou Project, to take part in property development. In the future, Board of the Company will endeavor to seek new business and opportunities that boost our results, to expand the scope of business of the Company and investment dimensions, to perfect our business profile and enhance corporate value and return.

FINANCIAL REVIEW

Liquidity

As at 30 September 2014, cash and cash equivalents of the Group totaled approximately HK\$46,502,000 (31 March 2014: approximately HK\$45,011,000), of which approximately 88.5% are in Hong Kong dollars, 10.8% in RMB, 0.6% in US dollars and 0.1% in Macau Pataca.

As at 30 September 2014, the Group had aggregate banking facilities of approximately HK\$100,000,000 (31 March 2014: approximately HK\$100,000,000) of which approximately HK\$99,839,000 (31 March 2014: approximately HK\$99,992,000) was utilized. This comprised of HK\$99,839,000 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 increase in cash and cash equivalents is mainly due to the reduction of the pledged bank deposits.

As at 30 September 2014, the Group had current assets of approximately HK\$158,403,000 (31 March 2014: HK\$165,473,000) whilst current liabilities were approximately HK\$102,854,000 (31 March 2014: HK\$111,989,000).

Interest Rate Risk

As at 30 September 2014, the gearing ratio was approximately 49% (31 March 2014: approximately 48%), calculated based on the Group's total bank borrowings of approximately HK\$99,839,000 (31 March 2014: HK\$99,992,000) over the Group's total assets of approximately HK\$201,903,000 (31 March 2014: HK\$207,420,000). The higher in gearing ratio is mainly due to the decrease in current assets.

Capital Commitments

The Group had no capital commitments outstanding as at 30 September 2014 (31 March 2014: Nil).

Charge on Group Assets

As at 30 September 2014, the bank loans amounted to approximately HK\$99,839,000 (31 March 2014: HK\$99,992,000) were secured by the Group's pledged bank deposits amounting HK\$102,349,000 (31 March 2014: HK\$106,214,000).

Contingent Liabilities

As at 30 September 2014, the Group has not issued corporate guarantees to banks (31 March 2014: Nil) with respect to bank borrowings of the associates of the Group.

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 2014

		Six months ended	
		30 September	
	Notes	2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	4,660	17,601
Cost of sales		(287)	(13,657)
		<hr/>	<hr/>
Gross profit		4,373	3,944
Other income		4,774	7,299
Investment income		480	2,888
Selling expenses		—	(24)
Administrative expenses		(3,964)	(6,208)
Other operating expenses		(743)	(8,930)
Gain on disposal of subsidiary	6	—	100,069
		<hr/>	<hr/>
Operating Profit		4,920	99,038
Finance costs		(266)	(987)
Share of results of associates		—	27,135
		<hr/>	<hr/>
Profit before income tax	7	4,654	125,186
Income tax expense	8	(1,076)	(31,937)
		<hr/>	<hr/>
Profit for the Period		3,578	93,249
		<hr/>	<hr/>
Profit attributable to:			
Owners of the company		3,580	93,251
Non-controlling interests		(2)	(2)
		<hr/>	<hr/>
		3,578	93,249
		<hr/>	<hr/>
Earnings per share			
— Basic (cents)	10	0.22	5.69
		<hr/>	<hr/>
— Diluted (cents)	10	0.22	5.69
		<hr/>	<hr/>

The notes on page 14 to 29 form part of this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the Period	<u>3,578</u>	<u>93,249</u>
Total comprehensive income for the Period	<u>3,578</u>	<u>93,249</u>
Total comprehensive income attributable to:		
Owners of the Company	3,580	93,251
Non-Controlling interests	<u>(2)</u>	<u>(2)</u>
	<u>3,578</u>	<u>93,249</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		At 30 September 2014	At 31 March 2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	98	64
Investment property	12	33,000	33,000
Intangible asset		1,519	—
Deposit	13	8,883	8,883
		43,500	41,947
Current assets			
Inventories		330	387
Accounts receivable	14	4,928	9,594
Deposit, prepayments and other receivables	13	4,294	3,363
Tax recoverable		—	904
Pledged bank deposits	15	102,349	106,214
Cash and cash equivalents	15	46,502	45,011
Total current assets		158,403	165,473

		At 30 September 2014	At 31 March 2014
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Current liabilities			
Bank borrowings		99,839	99,992
Accounts payable	16	229	8,506
Accrued expenses and other payables		1,402	3,129
Tax payable		1,384	362
		<u>102,854</u>	<u>111,989</u>
Net current assets		55,549	53,484
Total assets less current liabilities		99,049	95,431
Non current liabilities			
Deferred tax liabilities		217	217
Net Assets		<u>98,832</u>	<u>95,214</u>
EQUITY			
Share capital	17	16,400	16,400
Reserves		82,442	78,822
Equity attributable to owners of the Company		98,842	95,222
Non-controlling interests		(10)	(8)
Total equity		<u>98,832</u>	<u>95,214</u>

The notes on page 14 to 29 form part of this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Equity attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Surplus HK\$'000	Transition 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 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	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
At 1 April 2014 (audited)	16,400	66,909	1,091	(40)	22,353	-	-	(11,491)	95,222	(8)	95,214
Profit/(loss) for the period	-	-	-	-	-	-	-	3,580	3,580	(2)	3,578
Other comprehensive income	-	-	-	40	-	-	-	-	40	-	40
Exchange gain on translation of financial statements of foreign operations	-	-	-	40	-	-	-	-	40	-	40
Total comprehensive income for the period	-	-	-	40	-	-	-	3,580	3,620	(2)	3,618
At 30 September 2014 (unaudited)	16,400	66,909	1,091	-	22,353	-	-	(7,911)	98,842	(10)	98,832

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(708)	17,079
Net cash generated from investing activities	2,312	31,616
Net cash used in financing activities	(153)	(89,545)
Net increase/(decrease) in cash and cash equivalents	1,451	(40,850)
Translation difference	40	—
Cash and cash equivalents at 1 April	45,011	94,058
Cash and cash equivalents at 30 September	46,502	53,208

The notes on page 14 to 29 form part of this interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2014

(Expressed in Hong Kong dollars)

1. General Information

U-Home Group 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 2906, Tower 1, Lippo Centre, 89 Queensway, Admiralty, 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, investment and treasury function and consultancy and agency business.

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 2014 to 30 September 2014 were approved for issue by the board of directors on 6 November 2014.

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 investment property which is measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

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 2014:

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
Amendments to HKAS 32	Presentation — 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 standard has been issued after the date the consolidated financial statements for the year ended 31 March 2014 was authorised for issuance and are not yet effective:

HKFRS 9	Financial Instruments ¹
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¹ 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 four reportable segments as follows:

- (a) Trading of pharmaceutical and healthcare products – Trading of pharmaceutical products and healthcare products;
- (b) Investment and treasury function – Investment holding and treasury function;
- (c) Research and development – Research and development of chemical and biological products;
- (d) Consultancy and agency business – Provision for property agency and consultancy services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

5. Segment Reporting

For the six months ended 30 September 2014

	Trading of Pharmaceutical									
	and Health Care Products		Investment and Treasury Function		Research and Development		Consultancy and agency business		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Segment										
revenue	485	16,601	-	-	-	1,000	4,175	-	4,660	17,601
Segment results	(1,354)	(1,453)	480	2,888	-	316	3,335	-	2,461	1,751
Gain on disposal of subsidiary									-	100,069
Unallocated income/ (expense)									2,459	(2,782)
Profit from operations									4,920	99,038
Finance costs									(266)	(987)
Share of results of Associates									-	<u>27,135</u>
Profit before income tax									<u>4,654</u>	<u>125,186</u>

6. Disposal of a subsidiary

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.

- (a) 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		<u>470,951</u>
Net assets disposed of		411,931
Gain on disposal of JPL		<u>100,069</u>
Total		<u>512,000</u>

	<i>Notes</i>	<i>HK\$'000</i>
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>(iii)</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	
	2014	2013
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	287	13,657
Staff costs	1,379	2,098
Retirement costs	9	9
Depreciation	11	204
Operating lease charges in respect of premises	133	1,430
Interest on bank advances wholly repayable within five years	266	735

8. Income tax expense

	Six months ended	
	30 September	
	2014	2013
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong		
Tax for the period	85	61
Over-provision in respect of prior years	—	(209)
	85	(148)
— PRC — Tax for the period	991	32,085
	1,076	31,937

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the Period.

9. Dividends

	Six months ended	
	30 September	
	2014	2013
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Dividend approved and paid during the Period	—	615,000

No final dividend was proposed in respect of the year ended 31 March 2014 (2013: Nil).

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 \$3,580,000 (2013: \$93,251,000) and on the weighted average of 1,640,000,000 (2013: 1,640,000,000) ordinary shares in issue during the Period.

The diluted earnings per share is based on the profit attributable to owners of \$3,580,000 (2013: \$93,251,000) and the weighted average of 1,640,000,000 (2013: 1,638,641,365) 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 2014 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
Opening net book amount		
At 1 April 2014/1 April 2013	64	373
Additions	45	68
Depreciation	(11)	(93)
Disposal	—	(284)
	<hr/>	<hr/>
Net book amount		
At 30 September 2014/31 March 2014	98	64
	<hr/>	<hr/>

12. Investment property

	At 30 September 2014 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
At 1 April	33,000	33,000
Additions	—	—
Change in fair value	—	—
Disposal	—	—
	<hr/>	<hr/>
At 30 September 2014/31 March 2014	33,000	33,000
	<hr/>	<hr/>

Notes:

The property is held under leases of over 50 years.

13. Deposits, prepayments and other receivables – GROUP

	Group	
	At	At
	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
Non-current assets:		
– Deposits (<i>note</i>)	<u>8,883</u>	<u>8,883</u>
Current assets:		
– Deposits	81	93
– Other receivables	3,072	3,268
– Prepayments	<u>1,141</u>	<u>2</u>
	<u>4,294</u>	<u>3,363</u>
	<u>13,177</u>	<u>12,246</u>

Note: A tender deposit of RMB7,000,000 (equivalent to approximately HK\$8,883,000) was paid to U-Home Group Limited, a wholly owned subsidiary of an executive director and the controlling shareholder of the Company, by the Company on behalf of a wholly owned subsidiary of the Group, Nanjiang Tuoyu, for bidding a contract for the provision of consultancy and agency business to U-Home Group Limited and its associates. Nanjiang Tuoyu succeed in bidding the tender on 24 March 2014. On 19 May 2014, Nanjiang Tuoyu entered into a framework agreement with U-Home Group Limited which is valid for a term of three years commencing from the date of the Company having obtained independent shareholders' approval on the framework agreement and expiring on 31 March 2017. The tender deposit will be refunded within 7 business days after the expiry or termination of the framework agreement.

The carrying amounts of deposits and other receivables are considered a reasonable approximation of fair value.

14. Accounts receivable

An ageing analysis of the accounts receivable is as follows:

	At 30 September 2014 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
Within 3 months	4,528	9,594
Over 3 months but less than 6 months	400	—
	<u>4,928</u>	<u>9,594</u>

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

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

	At 30 September 2014 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
Cash and bank balance	46,502	45,011
Time deposits	102,349	106,214
Less: Pledged bank deposits	<u>(102,349)</u>	<u>(106,214)</u>
Cash and cash equivalents	<u>46,502</u>	<u>45,011</u>

As at 30 September 2014, the Group had pledged bank deposits HK\$102,349,000 (31 March 2014: HK\$106,214,000) to bank to secure bank loans as at 30 September 2014.

16. Accounts payable

An ageing analysis of the accounts payable is as follows:

	At 30 September 2014 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
Accounts payable		
Within 3 months	229	3,548
Over 3 months but less than 6 months	<u>—</u>	<u>4,958</u>
	<u>229</u>	<u>8,506</u>

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

17. Share capital

	At 30 September 2014		At 31 March 2014	
	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	1,640,000,000	16,400	1,625,000,000	16,250
Employee share option exercised	<u>—</u>	<u>—</u>	<u>15,000,000</u>	<u>150</u>
At 30 September 2014/31 March 2014	<u>1,640,000,000</u>	<u>16,400</u>	<u>1,640,000,000</u>	<u>16,400</u>

18. Share-based employee compensation

No share option was granted or cancelled during the period.

19. Commitments

(a) Commitments under operating leases

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

	At	At
	30 September	31 March
	2014	2014
	\$'000	\$'000
	(Unaudited)	(Audited)
Within one year	239	230
After one year but within five years	103	219
	342	449

(b) Capital commitments

At 30 September 2014, the Group does not have any significant capital commitment (31 March 2014: Nil).

20. 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	
		2014	2013
	Notes	\$'000	\$'000
		(Unaudited)	(Unaudited)
Rentals paid:			
– Mr. Lau Yau Bor	(i)	–	351
– Jiwa Investment Limited	(ii)	–	1,015
Consideration for disposal of a subsidiary:			
– Goldvault	(iii)	–	512,000
Consideration for disposal of an investment property:			
– Sunny Enterprise Limited	(iv)	<u>–</u>	<u>22,000</u>

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.

21. Approval of the interim financial statements

The interim financial statements were approved by the Board on 6 November 2014.

OTHER INFORMATION

Employment and Remuneration Policy

As at 30 September 2014, the Group had a total of approximately 7 employees (31 March 2014: approximately 7 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 2014.

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.

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 2014 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	1,067,256,000 (Note 1)	1,067,256,000	65.07%

Notes:

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

Interests in Underlying Shares

None of the directors and chief executive of the Company have been granted options under the Company's share option scheme (the "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 2014, 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 2014 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 (Note 1)	Percentage of total issued Shares
U-Home Group International Limited (Note 2)	Beneficial owner	734,154,000(L) 759,154,000(S)	44.76 46.29
U-Home Group Investment Limited (Note 3)	Beneficial owner	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
Yuhua Enterprises Company Limited	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31
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	1,067,256,000(L) 1,192,256,000(S)	65.07 66.60
Mr. Zhou Xuzhou <i>(Note 2 and 3)</i>	Interest in controlled corporation	1,067,256,000(L) 1,192,256,000(S)	65.07 66.60

* 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.
3. 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.

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 its own code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2014.

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 2014.

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.u-home.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, 6 November 2014