

青建國際控股有限公司

CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240



INTERIM REPORT
2014/2015

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CORPORATE INFORMATION



DIRECTORS

Executive Directors

Dr. Du Bo (*Chairman*)
(appointed on 11 April 2014)
Dr. Ho Kar Chung (*Chairman*)
(resigned on 11 April 2014)
Mr. Cheng Wing On, Michael
(*Chief Executive*)
Mr. Ho Chi Ling
Mr. Zhang Yuqiang
(appointed on 11 April 2014)

Non-executive Directors

Mr. Leung Chee Hon
(resigned on 11 April 2014)
Mr. Zhang Zhihua
(appointed on 11 April 2014)
Dr. Ding Hongbin
(appointed on 11 April 2014)

Independent Non-executive Directors

Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond

COMPANY SECRETARY

Mr. Ng Yiu Fai (FCPA)

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond (*Chairman*)
Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Zhang Zhihua
(appointed on 25 June 2014)

REMUNERATION COMMITTEE

Mr. Chuck Winston Calptor (*Chairman*)
Mr. Ching Kwok Hoo, Pedro
Mr. Ho Chi Ling
(resigned as a member on 25 June 2014)
Mr. Cheng Wing On, Michael
(*Chief Executive*)
(appointed on 25 June 2014)

NOMINATION COMMITTEE

Dr. Du Bo (*Chairman*)
(appointed on 25 June 2014)
Mr. Tam Tak Kei, Raymond
Mr. Cheng Wing On, Michael
(*Chief Executive*)
(resigned as a member on 25 June 2014)
Mr. Ching Kwok Hoo, Pedro
(resigned as the Chairman on 25 June 2014 but remains as a member)

REGISTERED OFFICE

Clifton House, 75 Fort Street
PO Box 1350, Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 201, 2/F, Marina House
68 Hing Man Street, Shau Kei Wan
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung

AUDITOR

PricewaterhouseCoopers

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
PO Box 1350, Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

1240

WEBSITE

www.cnqc.com.hk

The board (the "Board") of directors (the "Directors") of CNQC International Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2014 (the "Reporting Period"), together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Note	Six months ended	
		30 September 2014	2013
		HK\$'000 Unaudited	HK\$'000 Unaudited
Revenue	6	612,496	638,266
Cost of sales		(510,669)	(556,698)
Gross profit		101,827	81,568
Other income and net gains		419	1,568
General and administrative expenses		(25,408)	(15,337)
Operating profit	7	76,838	67,799
Finance income		298	–
Finance costs		(3,121)	(2,454)
Finance costs, net	8	(2,823)	(2,454)
Profit before income tax		74,015	65,345
Income tax expense	9	(10,887)	(8,874)
Profit and total comprehensive income for the period attributable to owners of the Company		63,128	56,471
Earnings per share attributable to owners of the Company during the period	10		
— basic (HK cents)		21.0	18.8
— diluted (HK cents)		21.0	18.8

Details of the interim dividend are disclosed in page 30 of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014



	Note	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	11	347,172	315,959
Deferred taxation		–	43
Goodwill	11	13,022	13,022
		360,194	329,024
Current assets			
Trade and other receivables	12	329,296	177,392
Amounts due from customers for contract work	13	39,354	40,672
Cash and cash equivalents		70,988	188,885
Tax recoverable		–	480
		439,638	407,429
Total assets		799,832	736,453
EQUITY			
Capital and reserves			
Share capital	16	3,000	3,000
Share premium		57,320	57,320
Other reserves		100,660	97,897
Retained earnings		160,649	97,521
Total equity		321,629	255,738

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014



		30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
LIABILITIES			
Non-current liabilities			
Borrowings	14	89,951	78,445
Deferred taxation		33,115	30,098
		123,066	108,543
Current liabilities			
Trade and other payables	15	183,383	89,374
Borrowings	14	155,907	118,570
Tax payable		15,847	14,228
Dividend payable		–	150,000
		355,137	372,172
Total liabilities		478,203	480,715
Total equity and liabilities		799,832	736,453
Net current assets		84,501	35,257
Total assets less current liabilities		444,695	364,281

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014



	Share capital (Note 16) HK\$'000	Share premium HK\$'000	Other reserves				Retained earnings HK\$'000	Total HK\$'000
			Share-based payment reserve HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000			
Balance at 1 April 2013	3,000	57,320	–	39,183	58,714	112,725	270,942	
Profit and total comprehensive income for the period	–	–	–	–	–	56,471	56,471	
Transaction with owners: Dividend	–	–	–	–	–	(21,000)	(21,000)	
Balance at 30 September 2013	3,000	57,320	–	39,183	58,714	148,196	306,413	
Balance at 1 April 2014	3,000	57,320	–	39,183	58,714	97,521	255,738	
Profit and total comprehensive income for the period	–	–	–	–	–	63,128	63,128	
Transaction with owners: Employee share option scheme — vesting of share options	–	–	2,763	–	–	–	2,763	
Balance at 30 September 2014	3,000	57,320	2,763	39,183	58,714	160,649	321,629	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014



	Six months ended 30 September 2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Cash flows from operating activities		
Net cash generated from operations	50,776	142,748
Tax paid	(5,728)	(496)
Interest paid	(3,121)	(2,454)
Net cash generated from operating activities	41,927	139,798
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	–	4,819
Purchases of property, plant and equipment	(58,965)	(81,236)
Interest received	298	–
Net cash used in investing activities	(58,667)	(76,417)
Cash flows from financing activities		
Inception of finance leases	52,447	23,522
Drawdown of bank borrowings	108,198	37,021
Repayment of finance leases	(26,455)	(19,388)
Repayment of bank borrowings	(85,347)	(14,338)
Dividend paid	(150,000)	–
Net cash (used in)/generated from financing activities	(101,157)	26,817
Net (decrease)/increase in cash and cash equivalents	(117,897)	90,198
Cash and cash equivalents at beginning of the period	188,885	58,095
Cash and cash equivalents at end of the period	70,988	148,293

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



1. GENERAL INFORMATION

CNQC International Holdings Limited (formerly known as Sunley Holdings Limited) (the “Company”) is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. The ultimate holding company is Guotsing Holding Group Company Limited (“Guotsing”) which is incorporated in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollar (“HK\$’000”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 November 2014.

2. BASIS OF PRESENTATION

This unaudited condensed interim financial information for the six months ended 30 September 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”. The unaudited condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the six months ended 30 September 2014 are consistent with those of the annual financial statements for the year ended 31 March 2014.

The Group has adopted the following new standards, amendments to standards and interpretation for accounting periods beginning on or after 1 April 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities
HKAS 32 (amendment)	Financial instruments: presentation — offsetting financial assets and financial liabilities
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The Group has assessed the impact of the adoption of these new standards, amendments to standards and interpretation and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



3. ACCOUNTING POLICIES *(Continued)*

The following new standards, amendments to standards and interpretation have been published but are not yet effective and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS (amendment)	Annual improvement to HKFRSs 2010–2012 cycle	1 July 2014
HKFRS (amendment)	Annual improvement to HKFRSs 2011–2013 cycle	1 July 2014
HKFRS (amendment)	Annual improvement to HKFRSs 2012–2014 cycle	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendment)	Agriculture: bearer plants	1 January 2016
HKAS 19 (2011)	Defined benefit plans: employee contributions	1 July 2014
HKAS 27 (amendment)	Equity method in separate financial statements	1 January 2016

The Group will adopt these new standards, amendments to standards and interpretation in the period of initial application. It is not expected to have a significant impact on the Group's results of operations and its financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



4. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014.

There have been no changes in the risk management policies since the last financial year.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

(c) Fair value estimation

The carrying values less impairment provision of trade and other receivables, trade and other payables, amount due from customers for contract work and bank balances are a reasonable approximation of their fair value due to the short-term maturities of these assets and liabilities.

The carrying values of borrowings are a reasonable approximation of their fair values as the interest rates of these borrowings are at market rates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the unaudited condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unaudited condensed interim financial information, the critical accounting estimates and judgments applied are consistent with those that applied to the consolidated financial statements for the year ended 31 March 2014.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



6. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the amounts that can be recognised in accordance with the respective stage of completion of construction contracts and rental income on machinery in the ordinary course of business. Revenue recognised during the respective periods is as follows:

	Six months ended 30 September	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Revenue		
Construction contracts income	610,832	638,255
Rental income on machinery	1,664	11
	612,496	638,266

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business as a single operating segment and reviews financial statements accordingly. Therefore, no segment information is presented.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



7. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cost of sales		
Construction material costs	237,713	251,829
Subcontracting charges	179,599	224,719
Staff costs, including directors' emoluments	77,026	65,146
Share-based payments (Note 17)	2,763	–
Depreciation of owned assets (Note 11)	15,980	12,002
Depreciation of assets under finance leases (Note 11)	11,772	11,211
Legal and professional fees	2,250	386
Operating lease rental on land and buildings	1,787	1,039
Insurance	1,497	1,192
Repair and maintenance	2,011	1,331

8. FINANCE COSTS, NET

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest expense on bank borrowings	981	258
Interest expense on finance lease liabilities	2,140	2,196
Interest income	(298)	–
	2,823	2,454

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



9. INCOME TAX EXPENSE

Hong Kong and Macau profits tax have been provided at the rate of 16.5% and 12% respectively for the six months ended 30 September 2014 and 2013 on the estimated assessable profit for the period.

	Six months ended 30 September	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Current income tax		
— Hong Kong profits tax	1,719	4,732
— Macau profits tax	6,108	4,545
Deferred income tax	3,060	(403)
Income tax expense	10,887	8,874

10. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of HK\$0.01 each of the Company (the "Share") in issue during the respective periods.

	Six months ended 30 September	
	2014 Unaudited	2013 Unaudited
Profit attributable to owners of the Company (HK\$'000)	63,128	56,471
Weighted average number of Shares for the purpose of calculating basic earnings per Share (in thousand)	300,000	300,000
Basic earnings per Share (HK cents)	21.0	18.8

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



10. EARNINGS PER SHARE (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme is the only category of dilutive potential ordinary shares. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Share in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 September	
	2014	2013
	Unaudited	Unaudited
Diluted earnings per Share (HK cents)	21.0	18.8

Diluted earnings per Share for the six months ended 30 September 2014 equals to the basic earnings per Share as the exercise of the outstanding share options would be anti-dilutive. Diluted earnings per Share for the six months ended 30 September 2013 equals to the basic earnings per Share as there were no potential dilutive Shares outstanding during the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



11. PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	Property, plant and equipment HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2014 (Unaudited)			
Net book value Opening amount as at 1 April 2014	315,959	13,022	328,981
Additions	58,965	–	58,965
Depreciation	(27,752)	–	(27,752)
Closing amount as at 30 September 2014	347,172	13,022	360,194
Six months ended 30 September 2013 (Unaudited)			
Net book value Opening amount as at 1 April 2013	246,585	13,022	259,607
Additions	81,236	–	81,236
Disposals	(3,695)	–	(3,695)
Depreciation	(23,213)	–	(23,213)
Closing amount as at 30 September 2013	300,913	13,022	313,935

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



12. TRADE AND OTHER RECEIVABLES

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Contract receivables	218,709	87,011
Retention receivables	100,439	84,630
Total trade receivables	319,148	171,641
Other receivables, deposits and prepayments (Note (d))	10,148	5,751
	329,296	177,392

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 14 to 60 days.
- (b) The aging analysis of the contract receivables based on invoice date is as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
0–30 days	187,469	86,991
31–60 days	30,843	–
61–90 days	–	–
Over 90 days	397	20
	218,709	87,011

Contract receivables of HK\$218,312,000 and HK\$86,991,000 as at 30 September 2014 and 31 March 2014 respectively were not yet past due and HK\$397,000 and HK\$20,000 as at 30 September 2014 and 31 March 2014 respectively were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 30 September 2014 and were settled in accordance with the terms of respective contracts.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



12. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (c) The other classes of assets within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- (d) The amount mainly represents site deposits and prepayments for purchase of materials.
- (e) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Hong Kong dollar	295,175	160,351
Macau Pataca	34,121	17,041
	329,296	177,392

13. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Costs plus attributable profits less foreseeable losses	833,234	822,515
Less: progress billings to date	(793,880)	(781,843)
Amounts due from customers for contract work	39,354	40,672

There were no advances received from customers for contract work as at 30 September 2014 and 31 March 2014. Progress billings to date include retention receivables of HK\$48,570,000 and HK\$52,875,000 as at 30 September 2014 and 31 March 2014.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



14. BORROWINGS

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Non-current		
Finance lease liabilities (Note b)	89,951	78,445
Current		
Bank borrowings (Note a)	87,010	64,159
Finance lease liabilities (Note b)	68,897	54,411
	155,907	118,570
Total borrowings	245,858	197,015

Note:

(a) *Bank borrowings*

As at 30 September 2014, the Group had bank borrowing which bore interest at the current prime rate per annum or 2%-3.5% above one-month or three-month Hong Kong Interbank Offered Rate ("HIBOR") per annum, respectively.

The bank borrowings were denominated in Hong Kong dollars.

The bank borrowings are classified as current liabilities according to the "Interpretation-5, Presentation of Financial statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". According to the repayment schedule the bank borrowings, without considering the repayable on demand clause, are repayable as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Within 1 year	72,701	56,919
Between 1 and 2 years	5,187	2,543
Between 2 and 5 years	9,122	4,697
	87,010	64,159

The carrying amounts of the borrowings approximately their fair value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



14. BORROWINGS (Continued)

Note: (Continued)

(b) *Finance lease liabilities*

Finance lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Gross finance lease liabilities — minimum lease payments		
— Within 1 year	70,113	58,110
— Later than 1 year and no later than 5 years	93,743	80,948
	163,856	139,058
Future finance charges on finance leases	(5,008)	(6,202)
	158,848	132,856

The present value of finance lease liabilities is as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Within 1 year	68,897	54,411
Later than 1 year and no later than 5 years	89,951	78,445
	158,848	132,856

The finance leases liabilities are denominated in Hong Kong dollars.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



14. BORROWINGS (Continued)

Note: (Continued)

(c) As at 30 September 2014, the Group had committed banking facilities (including the finance lease facilities) of HK\$25,467,000 which bore interest at 2.5% below the current prime rate per annum, HK\$5,800,000 which bore interest at the current prime rate per annum, HK\$972,000 which bore interest at a fixed rate of 2.25% to 2.5% per annum and HK\$424,397,000 which bore interest at 2% to 3.5% per annum above HIBOR, respectively.

As at 31 March 2014, the Group had committed banking facilities (including the finance lease facilities) of HK\$25,467,000 which bore interest at 2.5% below the current prime rate per annum, HK\$5,800,000 which bore interest at the current prime rate per annum, HK\$972,000 which bore interest at a fixed rate of 2.25% to 2.5% per annum and HK\$305,150,000 which bore interest at 2% to 3.5% per annum above HIBOR, respectively.

These committed banking facilities were subject to annual review. As at 30 September 2014, the undrawn banking facilities amounted to HK\$210,778,000 (31 March 2014: HK\$140,374,000).

These banking facilities were secured by the Group's machinery with an aggregate net book value of HK\$222,943,000 and HK\$172,357,000 as at 30 September 2014 and 31 March 2014 respectively.

15. TRADE AND OTHER PAYABLES

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Trade payables	148,613	82,674
Accruals for construction costs	27,652	–
Other accruals (Note (c))	7,118	6,700
	183,383	89,374

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



15. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Hong Kong dollars.
- (b) Payment terms granted by suppliers are 14 to 60 days from the invoice date of the relevant purchases.

The aging analysis of trade payables based on the invoice date is as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
0–30 days	122,137	74,778
31–60 days	23,648	7,748
61–90 days	1,516	2
Over 90 days	1,312	146
	148,613	82,674

- (c) Other accruals mainly related to the accrued staff benefits and accrued legal and professional expenses.

16. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
Authorised:		
Shares of HK\$0.01 each as at 30 September 2014 and 31 March 2014	2,000,000,000	20,000
Issued and fully paid:		
Shares of HK\$0.01 each as at 30 September 2014 and 31 March 2014	300,000,000	3,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



17. SHARE-BASED PAYMENTS

Share options are granted by the Group to certain consultants and selected employees including the Directors. The exercise price of the granted share options equals to the market price of the Shares as at the date of grant. The share options are exercisable starting one year from the date of grant. The share options have a contractual option term of six years. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

Movements in the number of outstanding share options and their related weighted average exercise prices during the Reporting Period are as follows:

	30 September 2014		31 March 2014	
	Average exercise price in HK\$ per share option	Options (thousands)	Average exercise price in HK\$ per share option	Options (thousands)
At 1 April	-	-	-	-
Granted	2.70	19,500	-	-
At end of the Reporting Period	2.70	19,500	-	-

The weighted average fair value of the share options granted during the period determined pursuant to the Binomial Option Pricing Model was HK\$1.19 per share option.

The significant inputs into the aforesaid model were the volatility of 60%, the dividend yield of 2.6%, the expected option life of six years, and the annual risk-free interest rate of 1.52%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share prices over the last 1.8 years. The total expense recognised in the condensed consolidated statements of comprehensive income for the share options granted to certain consultants, directors and employees of the Group was disclosed in Note 7.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



18. COMMITMENTS

Operating lease commitments — Group as lessee

As at each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Not later than 1 year	6,389	2,929
1–5 years	10,292	208
	16,681	3,137

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

19. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) During the six months ended 30 September 2014, the related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Group
Super Ease Holdings Limited ("Super Ease")	A related company in which a director of the Company has an interest
Sunnic Holdings Limited ("Sunnic Holdings")	A related company in which a director of the Company has an interest

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



19. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) The following is a summary of significant related party transactions which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Rent paid to		
— Super Ease	143	143
— Sunnic Holdings	143	143
	286	286

(c) **Key management compensation**

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Directors' fee, salaries, wages and allowances	5,695	3,876
Share-based payments	2,763	–
Retirement benefit expenses	32	46
	7,682	3,922

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



20. CONTINGENT LIABILITIES

- (a) As at each statement of financial position date, the Group had the following contingent liabilities:

	30 September 2014 HK\$'000 Unaudited	31 March 2014 HK\$'000 Audited
Guarantees on performance bonds in respect of the construction contracts	52,428	27,231

(b) **Pending litigation**

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries or casualty suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the financial information.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

During the Reporting Period, the Group had two major source of incomes, namely, construction business and machinery leasing.

Construction business

The construction projects undertaken by the Group can be broadly divided into foundation works and ancillary services with particular specialisation in piling works. The Group undertakes foundation work related projects in both the public sector, including building and infrastructure related projects, and the private sector in Hong Kong and Macau.

Revenue from the construction contracts for the Reporting Period was approximately HK\$610.8 million (six months ended 30 September 2013: approximately HK\$638.3 million). The slight decrease was mainly attributable to the substantial completion of a significant project in Macau during the last financial year. During the Reporting Period, the Group has commenced work of a sizable project in Tseung Kwan O at the second half of the Reporting Period. The revenue contribution of this project together with other ongoing significant projects, including Wing Shun Street in Tsuen Wan, Yuen Long Town Lot and Cotai in Macau accounts for approximately HK\$312.9 million (six months ended 30 September 2013 HK\$353.3 million).

Machinery leasing

The Group leased certain unutilized machinery to third party machinery companies and contractors. Revenue from the machinery leasing was approximately HK\$1.66 million during the Reporting Period (2013: approximately HK\$11,000). The increase was mainly due to the completion of some projects and there was a short period of time that new projects were yet to begin.

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period was approximately HK\$612.5 million (2013: approximately HK\$638.3 million), representing an decrease of approximately 4.0% compared to the corresponding period in 2013. The slight decrease was mainly due to the completion of a significant project in Cotai Macau whereas sizeable projects undertaken both in Hong Kong and in Macau has not yet contributed full period revenue during the Reporting Period.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 16.6% (2013: approximately 12.8%). Despite the continuing increase in labour cost, construction material cost and subcontractor charges during the Reporting Period as compared with last year, the Group had adjusted the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$25.4 million (2013: approximately HK\$15.3 million), representing an increase of approximately 66.0% over the figure for 2013. This was mainly attributable to the increase in staff costs including Directors' emoluments incurred and the grant of share options to the employees during the Reporting Period.

Net Profit

For the Reporting Period, the Group recorded a net profit of approximately HK\$63.1 million, representing an increase of approximately 11.7% as compared to the net profit of approximately HK\$56.5 million for the corresponding period in 2013. The increase was mainly attributable to the increase in gross profit contributed by a number of newly undertaken construction projects.

PROSPECTS

The Group has just contracted a sizable public foundation project in Shek Kip Mei and private foundation projects in Ma On Shan and in Tsing Yi with a total contract sum of approximately HK\$1.0 billion. With the continual demand of construction work both in Hong Kong and in Macau, the management expects that there will be a lots tendering opportunities ahead.

The change in the Company's name as disclosed in the announcement dated 9 July 2014 and 16 September 2014 paves the way for the Group to make use of the new corporate image and the reputation of the parent CNQC Development Limited ("CNQC", which is indirectly wholly-owned by Guotsing) and its related group members to potentially expand the foundation construction business to other Asia Pacific regions in the future.

MANAGEMENT DISCUSSION AND ANALYSIS



DEBTS AND CHARGE ON ASSETS

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, increased from approximately HK\$197.0 million as at 31 March 2014 to approximately HK\$245.9 million as at 30 September 2014. All borrowings were denominated in Hong Kong dollar. Interests on bank borrowings are charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities are secured by the Group's property, plant and equipment with an aggregate net book value of approximately HK\$222.9 million and approximately HK\$172.4 million as at 30 September 2014 and 31 March 2014 respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and cash inflows from the operating activities.

As at 30 September 2014, the Group had cash and bank balances of approximately HK\$71.0 million (31 March 2014: approximately HK\$188.9 million) of which approximately 90.4% was held in Hong Kong dollar and the remaining was mainly held in Macau Pataca. The decrease was mainly due to the distribution of a special dividend in cash of HK\$0.50 per share with an aggregate amount of HK\$150.0 million on 30 June 2014. The gearing ratio of the Group as at 30 September 2014 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 76.0% (31 March 2014: approximately 77.0%).

During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.

FOREIGN EXCHANGE

Since the Group mainly operates in Hong Kong and Macau and most of the revenue and transactions arising from its operations were settled in Hong Kong dollar and Macau Pataca, and the Group's assets and liabilities are primarily denominated in Hong Kong dollar and Macau Pataca, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS



SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 September 2014 and 31 March 2014.

CONTINGENT LIABILITIES

Save as disclosed in note 20 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 September 2014 and 31 March 2014.

EVENT AFTER THE REPORTING PERIOD

There are no significant events after the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2014, the Group had 298 full-time employees (31 March 2014: 285 full-time employees). Most of the Group's employees were based in Hong Kong.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK\$77.0 million compared to approximately HK\$65.1 million of the corresponding period in 2013.

INTERIM DIVIDEND

The Board did not recommend the declaration of any interim dividend for the Reporting Period (six months ended 30 September 2013: HK\$Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

During the Reporting Period, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE OF INTEREST



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As at 30 September 2014, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares of the Company (the "Shares") or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

DISCLOSURE OF INTEREST



Long positions in the Shares

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares held/ interested	Approximate shareholding percentage
Qingdao Qingjian Holding Co Staff Shareholding Union	Interest in controlled corporation (Note)	224,145,000	74.72%
Qingdao Qingjian Holdings Co	Interest in controlled corporation (Note)	224,145,000	74.72%
Guotsing Holding Group Co., Ltd.	Interest in controlled corporation (Note)	224,145,000	74.72%
Guotsing Holdings (South Pacific) Investment Pte. Ltd.	Interest in controlled corporation (Note)	224,145,000	74.72%
Hyday (South Pacific) Investment Pte Ltd	Interest in controlled corporation (Note)	224,145,000	74.72%
Guotsing Group (HK) Limited	Interest in controlled corporation (Note)	224,145,000	74.72%
CNQC Development Limited	Beneficial owner (Note)	224,145,000	74.72%

Note:

The 224,145,000 Shares were held by CNQC Development Limited ("CNQC") as at 30 September 2014. CNQC is indirectly wholly-owned by Guotsing Holding Group Co., Ltd. through Guotsing Holdings (South Pacific) Investment Pte. Ltd. (wholly-owned by Guotsing Holding Group Co. Ltd.), Hyday (South Pacific) Investment Pte Ltd. (wholly-owned by Guotsing Holdings (South Pacific) Investment Pte. Ltd.) and GUOTSING Group (HK) Limited (wholly-owned by Hyday (South Pacific) Investment Pte Ltd).

青島青建控股有限公司工會持股會 (Qingdao Qingjian Holding Co Staff Shareholding Union*) is interested in approximately 41.265% of the equity interest of Guotsing Holding Group Co., Ltd through its wholly-owned subsidiary, Qingdao Qingjian Holdings Co..

Save as disclosed above, as at 30 September 2014, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME



The Company adopted a share option scheme (the “Scheme”) on 11 September 2012 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme. Pursuant to the Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012, subject to early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue on 18 October 2012, the date of listing of the Company (the “Listing”). The Company may at any time refresh such limit, subject to the shareholders’ approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue unless approved by the shareholders of the Company and issue of a circular in compliance with the Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

SHARE OPTION SCHEME



The outstanding share options granted as disclosed in the announcement of the Company dated 27 June 2014 entitled the relevant grantees to subscribe for an aggregate 19,500,000 new shares of HK\$0.01 each in the share capital of the Company. Detail of movements of the options granted under the Scheme for the six months ended 30 September 2014 is as follows:

Grantees	Date of Grant	Exercise price per share	As at 01/04/2014	Number of options				As at 30/09/2014	Vesting period	Exercise period
				Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Executive directors										
Cheng Wing On, Michael	27/6/2014	HK\$2.70	-	3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Ho Chi Ling	27/6/2014	HK\$2.70	-	2,400,000	-	-	-	2,400,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Zhang Yuqiang	27/6/2014	HK\$2.70	-	2,400,000	-	-	-	2,400,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Non-executive directors										
Ding Hongbin	27/6/2014	HK\$2.70	-	3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Zhang Zhihua	27/6/2014	HK\$2.70	-	3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Employees of the Group in aggregate	27/6/2014	HK\$2.70	-	1,500,000	-	-	-	1,500,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
Other participants of the Group in aggregate	27/6/2014	HK\$2.70	-	4,200,000	-	-	-	4,200,000	27/6/2015-27/6/2019	27/6/2015-26/6/2020
				- 19,500,000	-	-	-	19,500,000		

Save as disclosed above, as at 30 September 2014, no Directors had any interests in the share options to subscribe for the shares.

Details of the valuation of the share options granted during the six months ended 30 September 2014 under the Scheme are set out in note 17 to the condensed consolidated interim financial information.

CORPORATE GOVERNANCE AND OTHER INFORMATION



CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules during the Reporting Period.

CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

APPOINTMENT OF CHIEF FINANCIAL OFFICER, CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Mr. Tai Man Hin, Tony resigned as the financial controller, the company secretary, and the authorised representative of the Company with effect from 12 May 2014 due to the pursuance of his own business.

Mr. Ng Yiu Fai was appointed as the chief financial officer. Mr. Ng was also appointed as the company secretary and the authorised representative of the Company in place of Mr. Tai with effect from 12 May 2014.

RESTORATION OF PUBLIC FLOAT

On 11 February 2014, Leading Win Management Limited (“Leading Win”) entered into an agreement (the “Share Sale Agreement”) with CNQC pursuant to which Leading Win conditionally agreed to sell and CNQC conditionally agreed to purchase 225,000,000 Shares (representing 75% of the entire issued capital of the Company) at a cash consideration of HK\$2.40 per share.

Completion of the Share Sale Agreement took place on 17 March 2014. As a result, CNQC became the shareholder of 225,000,000 shares of the Company and was required to make an unconditional mandatory cash offer (the “Cash Offer”) to acquire all the shares of the Company not already owned by it or parties acting in concert with it at a price of HK\$2.40 per share. Upon the close of the Cash Offer on 11 April 2014, CNQC became interested in 265,790,000 shares of the Company, representing approximately 88.6% of the then issued share capital of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION



RESTORATION OF PUBLIC FLOAT *(Continued)*

Upon the close of the Cash Offer on 11 April 2014, there were 34,210,000 shares, representing approximately 11.4% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company could not fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 11 April 2014 up to and including 10 July 2014 has been granted by the Stock Exchange.

On 20 June 2014, CNQC as the seller entered into a placing agreement with an independent placing agent pursuant to which 41,645,000 shares of the Company were placed to independent placees at a price of HK\$2.40 per share (the "Placing"). Settlement of the Placing took place on 26 June 2014. After the settlement of the Placing, CNQC holds 224,145,000 shares of the Company, representing approximately 74.7% of the issued share capital of the Company, and the public float of the Company had been restored. Please also refer to the announcement of the Company dated 23 June 2014.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and the financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2014.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHANGE OF FINANCIAL YEAR END DATE

Pursuant to a resolution of the Board of Directors passed on 24 November, 2014, the Company's financial year end date was changed from 31 March to 31 December in order to align with that of the parent companies.

By Order of the Board
Du Bo
Chairman

Hong Kong
24 November 2014