



**TERN PROPERTIES COMPANY LIMITED**

STOCK CODE: 277

**2012/2013 INTERIM REPORT**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Chan Hoi Sow

*Chairman and Managing Director*

Chan Yan Tin, Andrew

Chan Siu Keung, Leonard

#### Non-Executive Director

Chan Yan Mei, Mary-ellen

*(Appointed on 29 June 2012)*

#### Independent Non-Executive Directors

Chan Kwok Wai

Tse Lai Han, Henry

Leung Kui King, Donald

### AUDIT COMMITTEE

Chan Kwok Wai

*Chairman*

Tse Lai Han, Henry

Leung Kui King, Donald

### REMUNERATION COMMITTEE

Chan Kwok Wai

*Chairman*

Tse Lai Han, Henry

### NOMINATION COMMITTEE

Chan Kwok Wai

*Chairman*

Tse Lai Han, Henry

Chan Siu Keung, Leonard

### COMPANY SECRETARY

Huen Po Wah

### REGISTERED OFFICE

26th Floor, Tern Centre, Tower I

237 Queen's Road Central

Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

### PRINCIPAL BANKERS

Wing Lung Bank Limited

The Bank of East Asia, Limited

Nanyang Commercial Bank, Ltd.

Bank of Communications Co., Ltd.

### AUDITORS

HLM & Co.

### SOLICITORS

Woo, Kwan, Lee & Lo

### WEBSITE

[www.tern.hk](http://www.tern.hk)

### STOCK CODE

277

The Board of Directors of Tern Properties Company Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in the previous year are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2012*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2012</b>	2011
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Turnover	5	37,639	35,300
Property expenses		<u>(824)</u>	<u>(1,085)</u>
Gross profit		<b>36,815</b>	34,215
Realised loss on disposal of loans and receivables		<b>(360)</b>	–
Realised loss on disposal of financial assets held for trading		<b>(90)</b>	(121)
Unrealised gain (loss) on financial assets held for trading		<b>10,130</b>	(30,430)
Dividend income		<b>310</b>	583
Interest income		<b>6,865</b>	6,572
Other operating income		<b>310</b>	23
Administrative expenses		<u><b>(10,967)</b></u>	<u>(10,529)</u>
Profit from operations	6	<b>43,013</b>	313
Finance costs		<b>(2,404)</b>	(2,535)
Share of results of associates	12	<u><b>4,628</b></u>	<u>(277)</u>
Profit (loss) before taxation		<b>45,237</b>	(2,499)
Taxation	7	<u><b>(4,106)</b></u>	<u>(3,689)</u>
Profit (loss) and total comprehensive income (expenses) for the period and attributable to owners of the Company		<u><b>41,131</b></u>	<u>(6,188)</u>
Earnings (loss) per share			
Basic and diluted	9	<u><b>HK13.36 cents</b></u>	<u>HK(2.01) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	<i>Notes</i>	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	10	2,382,569	2,357,874
Property, plant and equipment	11	10,602	6,269
Leasehold land		69,270	69,788
Interests in associates	12	279,858	279,982
Available-for-sale investments		2,161	2,161
Loans and receivables	13	–	8,110
Deferred rental income		913	228
		<b>2,745,373</b>	<b>2,724,412</b>
<b>Current assets</b>			
Trade and other receivables	14	8,864	11,284
Financial assets held for trading	15	150,959	155,478
Leasehold land – current portion		1,036	1,036
Deferred rental income – current portion		858	597
Tax recoverable		380	822
Bank balances and cash		18,242	61,863
		<b>180,339</b>	<b>231,080</b>
<b>Current liabilities</b>			
Trade and other payables	16	6,632	7,426
Rental deposits from tenants		21,779	21,411
Tax liabilities		4,617	1,880
Secured bank loans – due within one year	17	12,793	67,460
		<b>45,821</b>	<b>98,177</b>
<b>Net current assets</b>		<b>134,518</b>	<b>132,903</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		17,573	16,638
Secured bank loans – due after one year	17	228,684	238,326
		<b>246,257</b>	<b>254,964</b>
<b>Net assets</b>		<b>2,633,634</b>	<b>2,602,351</b>
<b>Capital and reserves</b>			
Share capital	18	153,879	153,879
Reserves		2,479,755	2,448,472
		<b>2,633,634</b>	<b>2,602,351</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2012*

(Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012	153,879	72,818	2,689	9,848	2,363,117	2,602,351
Total comprehensive income						
for the period	-	-	-	-	41,131	41,131
Dividends declared	-	-	-	6,155	(6,155)	-
Dividends paid	-	-	-	(9,848)	-	(9,848)
<b>At 30 September 2012</b>	<b><u>153,879</u></b>	<b><u>72,818</u></b>	<b><u>2,689</u></b>	<b><u>6,155</u></b>	<b><u>2,398,093</u></b>	<b><u>2,633,634</u></b>
At 1 April 2011	153,881	72,818	2,687	8,617	1,983,774	2,221,777
Cancellation upon repurchase of own shares	(2)	-	2	-	(13)	(13)
Total comprehensive expenses for the period	-	-	-	-	(6,188)	(6,188)
Dividends declared	-	-	-	5,540	(5,540)	-
Dividends paid	-	-	-	(8,617)	-	(8,617)
<b>At 30 September 2011</b>	<b><u>153,879</u></b>	<b><u>72,818</u></b>	<b><u>2,689</u></b>	<b><u>5,540</u></b>	<b><u>1,972,033</u></b>	<b><u>2,206,959</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six month ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	25,474	24,177
Net cash generated from (used in) investing activities	7,678	(6,555)
Net cash used in financing activities	<u>(76,773)</u>	<u>(12,824)</u>
Net (decrease) increase in cash and cash equivalents	(43,621)	4,798
Cash and cash equivalents at beginning of the period	<u>61,863</u>	<u>32,261</u>
Cash and cash equivalents at end of the period	<u><u>18,242</u></u>	<u><u>37,059</u></u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<u><u>18,242</u></u>	<u><u>37,059</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2012*

### 1. GENERAL

The Company is a public limited company incorporated in Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is 26th Floor, Tern Centre, Tower I, 237 Queen’s Road Central, Hong Kong.

The Company continues to act as an investment holding company. Its subsidiaries (together with the Company are collectively referred to as the “Group”) and associates are principally engaged in property investment.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

### 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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012 except as described below.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (the “new HKFRSs”) issued by the HKICPA, which are or have become effective for the financial year beginning on 1 April 2012.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The adoption of the new or revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### **New and revised Standards and Interpretations in issue but not yet effective**

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRSs	Annual Improvements 2009-2011 Cycle <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
Amendments to HKFRS 1	Government Loans <sup>2</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>4</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.



### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have an impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

### **3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)**

The directors anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to HKAS 19 will not have any material effect on the Group’s consolidated financial statements because the Group does not operate defined benefit plans for employees.

### **4. OPERATING SEGMENTS**

For management purposes, the Group is currently organised into two operating segments, namely property investment and treasury investment.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rentals (including gross rent and property expenses), valuations gains/losses, profit/loss on disposal of investment property and share of profit from the associates. The individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the investment results in debt and equity securities. Financial information is provided to the Board on a company basis. The information provided includes the investments in financial assets held for trading, bank balances and fair value change in financial assets held for trading.

4. OPERATING SEGMENTS (Continued)

**Business information**

**For the six months ended 30 September 2012**

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Turnover	37,639	–	37,639
Property expenses	<u>(824)</u>	<u>–</u>	<u>(824)</u>
Gross profit	36,815	–	36,815
Realised loss on disposal of loans and receivables	–	(360)	(360)
Realised loss on disposal of financial assets held for trading	–	(90)	(90)
Unrealised gain on financial assets held for trading	–	10,130	10,130
Dividend income	–	310	310
Interest income	1	6,864	6,865
Other operating income	308	2	310
Administrative expenses	<u>(10,929)</u>	<u>(38)</u>	<u>(10,967)</u>
Profit from operations	26,195	16,818	43,013
Finance costs	(2,225)	(179)	(2,404)
Share of results of associates	<u>4,628</u>	<u>–</u>	<u>4,628</u>
Profit before taxation	28,598	16,639	45,237
Taxation	<u>(4,106)</u>	<u>–</u>	<u>(4,106)</u>
Profit for the period	<u><u>24,492</u></u>	<u><u>16,639</u></u>	<u><u>41,131</u></u>

**At 30 September 2012**

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	2,758,868	166,844	2,925,712
Segment liabilities	<u>(292,073)</u>	<u>(5)</u>	<u>(292,078)</u>
Net assets	<u><u>2,466,795</u></u>	<u><u>166,839</u></u>	<u><u>2,633,634</u></u>
Other segments information:			
Depreciation and amortisation	1,001	–	1,001
Addition to investment properties	24,638	–	24,638
Addition to property, plant and equipment	<u>4,816</u>	<u>–</u>	<u>4,816</u>

#### 4. OPERATING SEGMENTS (Continued)

##### Business information (Continued)

For the six months ended 30 September 2011

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Turnover	35,300	–	35,300
Property expenses	(1,085)	–	(1,085)
Gross profit	34,215	–	34,215
Realised loss on disposal of financial assets held for trading	–	(121)	(121)
Unrealised loss on financial assets held for trading	–	(30,430)	(30,430)
Dividend income	–	583	583
Interest income	17	6,555	6,572
Other operating income	23	–	23
Administrative expenses	(10,512)	(17)	(10,529)
Profit (loss) from operations	23,743	(23,430)	313
Finance costs	(2,535)	–	(2,535)
Share of results of associates	(277)	–	(277)
Profit (loss) before taxation	20,931	(23,430)	(2,499)
Taxation	(3,689)	–	(3,689)
Profit (loss) for the period	<u>17,242</u>	<u>(23,430)</u>	<u>(6,188)</u>

At 31 March 2012

	Property investment HK\$'000 (Audited)	Treasury investment HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	2,780,409	175,083	2,955,492
Segment liabilities	(328,375)	(24,766)	(353,141)
Net assets	<u>2,452,034</u>	<u>150,317</u>	<u>2,602,351</u>
Other segment information:			
Depreciation and amortisation	1,870	–	1,870
Addition to investment properties	–	–	–
Addition to property, plant and equipment	141	–	141

##### Geographical information

Over 90% of the activities of the Group during the period were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

##### Information on major customers

Included in revenue arising from rental income of HK\$37.6 million (2011: HK\$35.3 million) were rental revenue of HK\$8.6 million (2011: HK\$6.8 million) which arose from the Group's largest tenant.

## 5. TURNOVER

Turnover represents the aggregate of amounts received and receivable from property rental income.

## 6. PROFIT FROM OPERATIONS

	<b>Six months ended</b>	
	<b>30 September</b>	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit from operations has been arrived at after charging:		
Auditors' remuneration	175	158
Depreciation	483	438
Amortisation on leasehold land	518	518
Exchange loss	–	277
Staff costs (including Directors' remuneration)	<b>6,099</b>	5,092
Mandatory provident fund contributions	<u>12</u>	<u>64</u>
Total staff costs	<b>6,111</b>	5,156
and after crediting:		
Exchange gain	53	–
Gross rental income from investment properties	<b>37,639</b>	35,300
Less:		
Direct operating expenses from investment properties that generated rental income	<b>(514)</b>	(818)
Direct operating expenses from investment properties that did not generate rental income	<u>(310)</u>	<u>(267)</u>
Net rental income	<b><u>36,815</u></b>	<b><u>34,215</u></b>

## 7. TAXATION

	Six months ended	
	30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current period	3,161	2,834
Other jurisdiction		
Under provision in previous periods	<u>10</u>	<u>9</u>
	3,171	2,843
Deferred tax expenses		
Current period	935	841
Under provision in previous periods	<u>-</u>	<u>5</u>
	<u>935</u>	<u>846</u>
	<u><b>4,106</b></u>	<u><b>3,689</b></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

## 8. DIVIDENDS

On 22 August 2012, the final dividend of HK3.2 cents per share were paid to the shareholders for the financial year ended 31 March 2012.

The Board of Directors has declared an interim dividend of HK2.0 cents (2011: HK1.8 cents) per share amounting to HK\$6,155,170 payable on 20 December 2012 to the shareholders whose names appear on the Register of Members on 13 December 2012.

## 9. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is based on the profit for the period of HK\$41,131,000 (2011: loss for the period of HK\$6,188,000) and on the weighted average number of 307,758,522 (2011: 307,759,134) ordinary shares in issue during the period.

Diluted earnings (loss) per share are the same as basic earnings (loss) per share for both periods, as the Company had no dilutive potential ordinary shares outstanding in either period.

## 10. INVESTMENT PROPERTIES

The investment properties of the Group were not revalued at 30 September 2012 by independent valuers. The directors were aware of the possible change in the conditions of the property market. The directors considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at the end of the reporting period. Consequently, no increase or decrease in fair value of investment properties has been recognised in the current period.

During the period, the Group acquired investment properties amounted to HK\$24,638,000.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired furniture and office equipment and additions to leasehold improvements with an aggregate carrying amount of approximately HK\$4,816,000 (2011: HK\$231,000).

## 12. INTEREST IN ASSOCIATES

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Unlisted shares, at cost	–	–
Share of net assets	276,706	272,078
Amounts due from an associate	3,152	7,904
	<u>279,858</u>	<u>279,982</u>

Summarised financial information in respect of the Group's associate is set out below:

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Total assets	615,634	613,242
Total liabilities	(62,222)	(69,087)
Net assets	<u>553,412</u>	<u>544,155</u>
Share of net assets of associates	<u>276,706</u>	<u>272,078</u>

	<b>Six months ended 30 September 2012 HK\$'000 (Unaudited)</b>	2011 HK\$'000 (Unaudited)
Turnover	10,793	9,033
Profit (loss) and total comprehensive income (expense) for the period	<u>9,257</u>	<u>(554)</u>
Share of results of associates	<u>4,628</u>	<u>(277)</u>

### 13. LOANS AND RECEIVABLES

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Listed overseas debt securities	—	8,110

### 14. TRADE AND OTHER RECEIVABLES

Included in the trade and other receivables was rental receivable of HK\$235,000 (31 March 2012: HK\$308,000) with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

At the end of both reporting periods, all the rental receivable had an age of less than 30 days.

The directors considered that the carrying amount of trade and other receivables approximates their fair value.

### 15. FINANCIAL ASSETS HELD FOR TRADING

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Analysis of financial assets held for trading		
Listed overseas debt securities	142,196	146,996
Listed overseas equity securities	8,763	8,482
	<b>150,959</b>	<b>155,478</b>
Market value	<b>150,959</b>	<b>155,478</b>

Market values are determined with reference to quoted market prices in active markets.

### 16. TRADE AND OTHER PAYABLES

Included in trade and other payables was prepaid rental from tenants of HK\$1,703,000 (31 March 2012: HK\$2,281,000).

At the end of both reporting periods, all the prepaid rental from tenants had an age of less than 30 days.

The directors considered that the carrying amount of trade and other payables approximates their fair value.



## 17. SECURED BANK LOANS

The secured bank loans are repayable as follows:

	<b>30 September 2012 HK\$'000 (Unaudited)</b>	31 March 2012 HK\$'000 (Audited)
Within one year	12,793	67,460
More than one year but not exceeding two years	12,826	60,809
More than two years but not exceeding five years	206,686	167,631
More than five years	9,172	9,886
	<u>241,477</u>	<u>305,786</u>
Less: Amounts due within one year	<u>(12,793)</u>	<u>(67,460)</u>
	<u><b>228,684</b></u>	<u><b>238,326</b></u>

99.7% of the bank loans are denominated in Hong Kong dollars with variable interest rate from 1.0% to 1.95% over HIBOR (31 March 2012: 0.5% to 1.95% over HIBOR) per annum.

The remaining bank loans are denominated in Canadian dollars with variable interest rate which is the Canadian prime rate plus 1.0% (31 March 2012: prime rate plus 1.0%) per annum.

## 18. SHARE CAPITAL

	<b>30 September 2012</b>		31 March 2012	
	<b>Number of ordinary share of HK\$0.5 each (Unaudited)</b>	<b>Nominal value HK\$'000 (Unaudited)</b>	Number of ordinary share of HK\$0.5 each (Audited)	Nominal value HK\$'000 (Audited)
Authorised:	<u>400,000,000</u>	<u>200,000</u>	<u>400,000,000</u>	<u>200,000</u>
Issued and fully paid:				
At beginning of the period	307,758,522	153,879	307,762,522	153,881
Cancellation upon repurchase of own shares	<u>–</u>	<u>–</u>	<u>(4,000)</u>	<u>(2)</u>
At end of the period	<u><b>307,758,522</b></u>	<u><b>153,879</b></u>	<u><b>307,758,522</b></u>	<u><b>153,879</b></u>

There were no movements in the share capital of the Company for the six months ended 30 September 2012.

## 19. RELATED PARTY TRANSACTIONS

During the period, the Group received office rental income of HK\$180,000 (2011: HK\$180,000) from an associate of the Company, Win Easy Development Limited.

The directors of the Group considered that they were the key management personnel of the Group and their remunerations were HK\$5,240,000 (2011: HK\$5,273,000).

## 20. PLEDGE OF ASSETS

At the end of the reporting period, the Group's banking facilities amounted to HK\$430,248,000 (31 March 2012: HK\$502,248,000).

The following assets were pledged to secure the banking facilities granted to the Group:

- i) Investment properties with an aggregate carrying value of HK\$1,000,531,000 (31 March 2012: HK\$1,363,274,000);
- ii) Leasehold land and buildings with an aggregate carrying value of HK\$70,169,000 (31 March 2012: HK\$75,493,000);
- iii) Financial assets held for trading with a carrying value of HK\$90,538,000 (31 March 2012: HK\$89,045,000).

At the end of the reporting period, the Group had utilised banking facilities with an amount of HK\$241,477,000 (31 March 2012: HK\$305,786,000).

## 21. CONTINGENT LIABILITIES

At the end of the reporting period, there were contingent liabilities, so far as not provided for in the financial statements, in respect of guarantees for the banking facilities made available to:

	THE GROUP		THE COMPANY	
	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Subsidiaries	–	–	241,477	305,786
Associates	<u>19,000</u>	<u>20,000</u>	<u>19,000</u>	<u>20,000</u>
	<u>19,000</u>	<u>20,000</u>	<u>260,477</u>	<u>325,786</u>

The Company has not recognised any deferred income or expense in respect of the guarantees as their fair values and transaction prices cannot be reliably measured.

## 22. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had no capital commitments (31 March 2012: HK\$21,150,000).

## 23. OPERATING LEASE ARRANGEMENTS

### The Group as lessee

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Lease payments paid under operating leases in respect of rented properties during the period	<u>–</u>	<u>408</u>

At the end of the reporting period, the Group had no commitments for future minimum lease payments under non-cancellable operating leases.

Operating lease payments represent rental payable by the Group for the quarters of a director.

### The Group as lessor

The investment properties of the Group are expected to generate rental yields of approximately 3.2% (31 March 2012: 3.0%) on an ongoing basis. All of the properties held have committed tenants not exceeding three years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30 September</b>	<b>31 March</b>
	<b>2012</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within one year	<u>59,953</u>	<u>54,764</u>
In the second to fifth year inclusive	<u>45,354</u>	<u>39,486</u>
	<u><b>105,307</b></u>	<u><b>94,250</b></u>

## **INTERIM DIVIDEND**

The Board of Directors has declared an interim dividend for the six months ended 30 September 2012 of HK2.0 cents per share payable to shareholders of the Company whose names appear on the Register of Members of the Company on Thursday, 13 December 2012.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Thursday, 13 December 2012 to Monday, 17 December 2012, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 December 2012. Dividend warrants will be dispatched to shareholders on Thursday, 20 December 2012.

## **BUSINESS REVIEW AND PROSPECT**

The Group's gross rental income for the six months ended 30 September 2012 amounted to HK\$37.6 million, an increase of 6.6% from the same period of last year. The Group's profit for the period amounted to HK\$41.1 million.

During the period, the Group's overall rental income continued to increase despite the disposal of two shops in the first quarter of 2012. The shops and office properties also recorded substantial increase in rental rate upon the renewal of the leases during the period. The Group's rental portfolio achieved an average occupancy rate of 97.5% during the period.

The Group continued to invest in debt securities and equity securities during the period. The investments generated interest income and dividend income amounting to HK\$7.2 million for the period.

The global economy has been teetering on the low side and is expected to remain so next year. Although the US authority has initiated another round of quantitative easing policy, its positive effect on the economy will be limited. On the other hand, the European nations have been making small progress to solve their sovereign debt crisis. Due to the enormous size and complexity of their debt problems, the debt crisis is far from being over and therefore dragging plans to stimulate the sagging European economy. Meanwhile the China authority is also easing its monetary policy to tackle the slowing economy. However the effect of its policy remains to be seen. Therefore significant challenges to the global economy still lie ahead next year.

The price of local residential properties has turned weak with diminished trading after the government recently imposed a special stamp duty to curb speculative activities. The residential property market is expected to remain soft amid worries of possible further restrained measures imposed by the government. Meanwhile the weakening Mainland economy and the saturating tourist spending have prompted the outlook of the commercial shops to turn cautious. On the other hand the rental value of office properties will remain resilient due to the limited supply of office properties in the core business districts.

The Group's rental income will continue to increase steadily in the second half of the year after the renewal of majority of the leases at higher rental rates earlier in the year.

## FINANCIAL OPERATION REVIEW

### Operation

The Group continued to hold quality commercial properties for rental income and invest in debt and equity securities for interest and dividend income during the period.

The Group's turnover, which represents gross rental income for the six months ended 30 September 2012 amounted to HK\$37.6 million (2011: HK\$35.3 million), an increase of 6.6% from the same period of last year. During the period, the commercial shop in Burlington House on 90-94C Nathan Road and that in The Bodynits Building on 3 Cameron Road recorded over 25% increase in rental income while Southgate Commercial Centre and The Wave continued to record increase in rental income of approximately 10%. The Group's commercial shop properties recorded substantial increase in rental rates upon lease renewal while office properties also achieved higher rental rates during the period. The Group's share of gross rental income from an associate amounted to HK\$5.4 million (2011: HK\$4.5 million), an increase of 19.5% from the same period of last year.

During the period, the Group purchased the entire floor of the office property on the sixteenth floor of Tern Plaza situated at 5 Cameron Road, Tsimshatsui at a cash consideration of HK\$23.5 million.

The Group's interest and dividend income for the six months ended 30 September 2012 amounted to HK\$7.2 million (2011: HK\$7.2 million), approximately the same as the same period of last year. At 30 September 2012, the Group held debt and equity securities investments amounting to HK\$151.0 million (31 March 2012: HK\$163.6 million), a decrease of 7.7% from the previous year-end.

### Results

The Group's profit for the six months ended 30 September 2012 amounted to HK\$41.1 million (2011: loss of HK\$6.2 million). The profit was due to the unrealised gain on securities investments upon revaluation and higher rental income during the period. The Group's share of profit of associates after taxation amounted to HK\$4.6 million (2011: loss of HK\$277,000). The profit was due to the unrealised gain on securities investments upon revaluation and higher rental income during the period.

Earnings per share for the six months ended 30 September 2012 were HK13.36 cents (2011: loss per share of HK2.01 cents). The declared interim dividend was HK2.0 cents (2011: HK1.8 cents) per share, an increase of HK0.2 cent from the same period of last year.

## FINANCIAL OPERATION REVIEW (Continued)

### Liquidity, Bank Borrowings and Finance Costs

At 30 September 2012, the Group's net current assets including bank balances and cash of HK\$18.2 million amounted to HK\$134.5 million (31 March 2012: HK\$132.9 million). At 30 September 2012, the Group's banking facilities amounting to HK\$430.2 million (31 March 2012: HK\$502.2 million) were fully secured by its investment properties, leasehold land and buildings and financial assets held for trading with an aggregate carrying value amounting to HK\$1,161.2 million (31 March 2012: HK\$1,527.8 million). At 30 September 2012, these facilities were utilised to the extent of HK\$241.5 million (31 March 2012: HK\$305.8 million).

At 30 September 2012, the total amount of outstanding bank borrowings net of bank balances and cash were HK\$223.2 million (31 March 2012: HK\$243.9 million), a decrease of HK\$20.7 million from the previous year-end. The decrease in bank borrowings was due to the use of proceeds from the disposal of securities investment and rental income for partial loan repayment during the period. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds was 8.5% (31 March 2012: 9.4%).

Of the total bank borrowings at 30 September 2012, HK\$12.8 million or 5.3% were repayable within one year, HK\$12.8 million or 5.3% were repayable after one year but within two years, HK\$206.7 million or 85.6% were repayable after two years but within five years and HK\$9.2 million or 3.8% were repayable after five years.

The Group's finance costs for the six months ended 30 September 2012 were HK\$2.4 million (2011: HK\$2.5 million), a decrease of 5.1% from the same period of last year. The decrease was due to lower level of bank borrowings during the period.

### Shareholders' Funds

At 30 September 2012, the Group's shareholders' funds amounted to HK\$2,633.6 million (31 March 2012: HK\$2,602.4 million), representing an increase of HK\$31.2 million from the previous year-end. The net asset value per share was HK\$8.56 (31 March 2012: HK\$8.46).

At 30 September 2012, the Group had no significant exposure to foreign exchange rate fluctuations.

### Employees and Remuneration Policy

At 30 September 2012, the total number of staff of the Group was 15 (2011: 15). The total staff costs including Directors' emoluments amounted to HK\$6.1 million (2011: HK\$5.2 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

## DIRECTORS' INTERESTS

At 30 September 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Hoi Sow	Beneficial Owner	Personal Interest	2,036,000	173,564,896	56.40
	Interest of Controlled Corporation	Corporate Interest (Note 1)	25,822,896		
	Founder of a discretionary trust	Other Interest (Notes 1 & 2)	171,528,896		
Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	172,320,896	55.99
	Beneficiary of a trust	Other Interest (Notes 2 & 3)	171,528,896		
Chan Siu Keung, Leonard	–	–	–	–	–
Chan Yan Mei, Mary-ellen	Beneficiary of a trust	Other Interest (Notes 2 & 4)	171,528,896	171,528,896	55.73
Chan Kwok Wai	–	–	–	–	–
Tse Lai Han, Henry	–	–	–	–	–
Leung Kui King, Donald	–	–	–	–	–

### Notes:

- These 25,822,896 shares are held by Evergrade Investments Limited. The issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Mr. Chan Hoi Sow and as to 50% by Beyers Investments Limited which is indirectly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan Hoi Sow and his family members. These 25,822,896 shares are also included in the 171,528,896 shares held by Mr. Chan Hoi Sow in the capacity as founder of a discretionary trust.
- The three references to 171,528,896 shares relate to the same block of shares in the Company. The 171,528,896 shares are held as to 145,706,000 shares by Noranger Company Limited and as to 25,822,896 shares by Beyers Investments Limited. The issued share capital of Noranger Company Limited is beneficially wholly owned by Beyers Investments Limited and the issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Mr. Chan Hoi Sow and as to 50% by Beyers Investments Limited. Beyers Investments Limited is indirectly owned by Sow Pin Trust, a discretionary trust, the founder of which is Mr. Chan Hoi Sow and the beneficiaries of which are Mr. Chan Hoi Sow and his family members. By virtue of the shareholdings as aforementioned, Mr. Chan Hoi Sow is deemed to be interested in 171,528,896 shares indirectly owned by Sow Pin Trust.

## DIRECTORS' INTERESTS (Continued)

3. Mr. Chan Yan Tin, Andrew is the son of Mr. Chan Hoi Sow and is a beneficiary of Sow Pin Trust, a discretionary trust as referred to in Note 2 above. By virtue of the shareholdings as mentioned in Note 2 above, Mr. Chan Yan Tin, Andrew is deemed to be interested in 171,528,896 shares indirectly owned by Sow Pin Trust.
4. Ms. Chan Yan Mei, Mary-ellen is the daughter of Mr. Chan Hoi Sow and is a beneficiary of Sow Pin Trust, a discretionary trust as referred to in Note 2 above. By virtue of the shareholdings as mentioned in Note 2 above, Ms. Chan Yan Mei, Mary-ellen is deemed to be interested in 171,528,896 shares indirectly owned by Sow Pin Trust.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 30 September 2012 or had been granted or exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2012, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Loo Kuo Pin	Interest of Spouse	Family Interest (Note 1)	173,564,896	173,564,896	56.40
HSBC Holdings plc	Interest of Controlled Corporation	Corporate Interest (Notes 2, 3 & 5)	171,528,896	171,528,896	55.73
Hang Seng Bank Limited	Interest of Controlled Corporation	Corporate Interest (Notes 2, 4 & 5)	171,528,896	171,528,896	55.73
Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	Trustee	Other Interest (Notes 2, 5 & 6)	171,528,896	171,528,896	55.73
Global Heritage Group Limited	Interest of Controlled Corporation	Corporate Interest (Notes 2, 5 & 6)	171,528,896	171,528,896	55.73
Beyers Investments Limited	Interest of Controlled Corporation	Corporate Interest (Notes 2, 5 & 6)	171,528,896	171,528,896	55.73
Noranger Company Limited	Beneficial Owner	Corporate Interest (Notes 2, 5 & 6)	145,706,000	145,706,000	47.34



## SUBSTANTIAL SHAREHOLDERS (Continued)

Name of substantial shareholder	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Evergrade Investments Limited	Beneficial Owner	Corporate Interest (Notes 2, 5 & 6)	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner	Personal Interest (Note 7)	5,461,200	25,968,494	8.44
	Interest of Spouse	Family Interest (Note 7)	8,856,494		
	Interest of Controlled Corporation	Corporate Interest (Note 7)	11,650,800		
Kew Youn Lunn	Beneficial Owner	Personal Interest (Note 8)	2,380,800	25,968,494	8.44
	Interest of Spouse	Family Interest (Note 8)	5,461,200		
	Interest of Controlled Corporation	Corporate Interest (Note 8)	18,126,494		

### Notes:

- The interest is the same block of shares already disclosed under the personal, corporate and other interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "Directors' Interests".
- All interests of HSBC Holdings plc, Hang Seng Bank Limited, Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust, Global Heritage Group Limited, Beyers Investments Limited and the aggregate interests of Noranger Company Limited and Evergrade Investments Limited relate to the same block of shares in the Company.
- HSBC Holdings plc is the holding company of Hang Seng Bank Limited and is deemed to be interested in the shares in which Hang Seng Bank Limited is deemed to be interested through interests of corporations controlled by it as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage control
HSBC Finance (Netherlands)	HSBC Holdings plc	100.00
HSBC Holdings BV	HSBC Finance (Netherlands)	100.00
HSBC Asia Holdings (UK) Limited	HSBC Holdings BV	100.00
HSBC Asia Holdings BV	HSBC Asia Holdings (UK) Limited	100.00
The Hongkong and Shanghai Banking Corporation Limited	HSBC Asia Holdings BV	100.00
Hang Seng Bank Limited	The Hongkong and Shanghai Banking Corporation Limited	62.14
Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	Hang Seng Bank Limited	100.00
Global Heritage Group Limited	Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	100.00

## SUBSTANTIAL SHAREHOLDERS (Continued)

4. Hang Seng Bank Limited is the holding company of Hang Seng Bank Trustee International Limited and is deemed to be interested in the shares in which Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust is interested through interests of corporations controlled by it as follows:–

Name of controlled corporation	Name of controlling shareholder	Percentage control
Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	Hang Seng Bank Limited	100.00
Global Heritage Group Limited	Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	100.00
Beyers Investments Limited	Global Heritage Group Limited	100.00
Noranger Company Limited	Beyers Investments Limited	100.00
Evergrade Investments Limited	Beyers Investments Limited	50.00

5. Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust is deemed to be interested in the shares owned by Sow Pin Trust, a discretionary trust as mentioned in Note 6 below through interests of corporation controlled by it as follows:–

Name of controlled corporation	Name of controlling corporation	Percentage control
Global Heritage Group Limited	Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust	100.00
Beyers Investments Limited	Global Heritage Group Limited	100.00
Noranger Company Limited	Beyers Investments Limited	100.00
Evergrade Investments Limited	Beyers Investments Limited	50.00

6. Hang Seng Bank Trustee International Limited as trustee of Sow Pin Trust is interested in 171,528,896 shares which are held as to 145,706,000 shares by Noranger Company Limited and as to 25,822,896 shares by Evergrade Investments Limited. The issued share capital of Noranger Company Limited is beneficially wholly owned by Beyers Investments Limited and the issued share capital of Evergrade Investments Limited is beneficially owned as to 50% by Beyers Investments Limited and as to 50% by Mr. Chan Hoi Sow. Beyers Investments Limited is indirectly owned by Sow Pin Trust, a discretionary trust, the beneficiaries of which are Mr. Chan Hoi Sow and his family members as disclosed in the section headed “Directors’ Interests”.
7. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.
8. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 30 September 2012, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2012.

## AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 September 2012 and the 2012/2013 Interim Report with the Directors.

## CORPORATE GOVERNANCE

During the six months ended 30 September 2012, the Company has complied with the code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except the following deviation:

Provision A.2.1 of the Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Hoi Sow is the Chairman of the Board and Managing Director of the Company. Mr. Chan has been performing the duties of both the chairman and the chief executive officer since the establishment of the Company. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. As three of the Board members comprise Independent Non-Executive Directors who are professional accountant, engineer and manager respectively, the balance of power and authority between the Board and the management will not be compromised.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2012.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Annual Report 2012 are set out as follows:

Ms. Chan Yan Mei, Mary-ellen has been appointed as a Non-Executive Director of the Company with effect from 29 June 2012. She is entitled to a director’s fee of HK\$65,000 per annum. Ms. Chan is a daughter of Mr. Chan Hoi Sow who is the Chairman and Managing Director of the Group and a controlling shareholder of the Company. She is also the younger sister of Mr. Chan Yan Tin, Andrew, an Executive Director of the Company. Ms. Chan is a beneficiary of Sow Pin Trust which is a substantial shareholder of the Company.

Mr. Leung Kui King, Donald, Independent Non-Executive Director of the Company has been appointed as an independent non-executive director of Sun Hung Kai Properties Limited, a company listed on The Stock Exchange of Hong Kong Limited with effect from 1 July 2012.

The fee for the Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald has been revised from HK\$65,000 per annum to HK\$75,000 per annum for the year ending 31 March 2013.

## DIRECTORS

As at the date of this report, the Board of Directors of the Company comprises seven Directors, of which three are Executive Directors, namely Mr. Chan Hoi Sow, Mr. Chan Yan Tin, Andrew and Mr. Chan Siu Keung, Leonard, one is Non-Executive Director, namely Ms. Chan Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.

By Order of the Board  
**Chan Hoi Sow**  
*Chairman*

Hong Kong, 27 November 2012