



Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)



INTERIM REPORT 2015

The board of directors (the "Board") of Deson Development International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2015, together with the comparative figures for the six months ended 30 September 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2015

	Notes	2015 HK\$'000	2014 HK\$'000 (Restated)
REVENUE	3	399,965	432,165
Cost of sales		<u>(363,359)</u>	<u>(387,938)</u>
Gross profit		36,606	44,227
Other income and gains	3	30,853	28,336
Fair value gain on investment properties, net		–	126
Administrative expenses		(47,132)	(54,901)
Other operating income, net		569	1,121
Finance costs	5	(8,441)	(843)
Share of profits and losses of:			
A joint venture		–	–
Associates		406	304
PROFIT BEFORE TAX	4	12,861	18,370
Income tax expense	6	(6,428)	(10,918)
PROFIT FOR THE PERIOD		<u>6,433</u>	<u>7,452</u>
Attributable to:			
Owners of the Company		4,192	6,830
Non-controlling interests		2,241	622
		<u>6,433</u>	<u>7,452</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>0.64 cents</u>	<u>1.23 cents</u>
Diluted		<u>0.64 cents</u>	<u>1.23 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
PROFIT FOR THE PERIOD	6,433	7,452
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	(400)	(1,676)
Exchange differences on translation of foreign operations	(16,070)	5,389
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(16,470)	3,713
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land and buildings	–	8,405
Income tax effect	–	(1,387)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	7,018
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(16,470)	10,731
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(10,037)	18,183
Attributable to:		
Owners of the Company	(11,938)	17,504
Non-controlling interests	1,901	679
	(10,037)	18,183

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015

	30 September 2015	31 March 2015
Notes	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	174,038	175,628
Investment properties	526,552	535,184
Investments in associates	641	1,035
Available-for-sale investments	21,643	21,641
Pledged deposits	469,700	316,200
	<hr/>	<hr/>
Total non-current assets	1,192,574	1,049,688
	<hr/>	<hr/>
CURRENT ASSETS		
Amounts due from associates	4,867	4,824
Amount due from an investee	100	100
Amount due from a related company	761	479
Properties held for sale under development and properties held for sale	1,340,387	1,350,608
Gross amount due from contract customers	25,019	25,655
Inventories	17,373	11,768
Accounts receivable	78,938	58,849
Prepayments, deposits and other receivables	236,149	97,626
Pledged deposits	29,700	69,901
Cash and cash equivalents	74,089	78,430
	<hr/>	<hr/>
Total current assets	1,807,383	1,698,240
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2015

		30 September	31 March
		2015	2015
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
CURRENT LIABILITIES			
Gross amount due to contract customers		93,725	88,455
Accounts payable	12	39,634	30,256
Other payables and accruals		263,211	140,313
Amounts due to associates		48	48
Amounts due to non-controlling shareholders		1,500	1,500
Tax payable		84,438	87,137
Interest-bearing bank borrowings		361,508	521,613
		<hr/>	<hr/>
Total current liabilities		844,064	869,322
		<hr/>	<hr/>
NET CURRENT ASSETS		963,319	828,918
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,155,893	1,878,606
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		888,770	597,680
Deferred tax liabilities		111,715	111,855
		<hr/>	<hr/>
Total non-current liabilities		1,000,485	709,535
		<hr/>	<hr/>
Net assets		1,155,408	1,169,071
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	65,192	65,184
Reserves		1,073,931	1,081,033
Proposed dividend	7	–	6,517
		<hr/>	<hr/>
		1,139,123	1,152,734
		<hr/>	<hr/>
Non-controlling interests		16,285	16,337
		<hr/>	<hr/>
Total equity		1,155,408	1,169,071
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2014

	Attributable to owners of the Company											Non-controlling interests	Total equity	
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Investment revaluation reserve	Reserve funds	Retained profits	Proposed dividend			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014 (audited)	55,321	114,338	15,262	120,117	(9,240)	14,270	51,499	6,331	3,260	598,513	7,192	976,863	5,823	982,686
Profit for the period	-	-	-	-	-	-	-	-	-	6,830	-	6,830	622	7,452
Other comprehensive income/(loss) for the period:														
Surplus on revaluation of leasehold land and buildings, net of tax	-	-	-	7,018	-	-	-	-	-	-	-	7,018	-	7,018
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	(1,676)	-	-	-	(1,676)	-	(1,676)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	5,332	-	-	-	-	5,332	57	5,389
Total comprehensive income/(loss) for the period	-	-	-	7,018	-	-	5,332	(1,676)	-	6,830	-	17,504	679	18,183
Release of revaluation reserve	-	-	-	(1,672)	-	-	-	-	-	1,672	-	-	-	-
Transfer to reserve	-	-	-	-	-	-	-	-	6,009	(1,763)	-	4,246	-	4,246
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Final 2014 dividend declared	-	-	-	-	-	-	-	-	-	-	(7,192)	(7,192)	-	(7,192)
Proposed Interim 2015 dividend (note 7)	-	-	-	-	-	-	-	-	-	(5,532)	5,532	-	-	-
At 30 September 2014	<u>55,321</u>	<u>114,338</u>	<u>15,262</u>	<u>125,463</u>	<u>(9,240)</u>	<u>14,270</u>	<u>56,831</u>	<u>4,655</u>	<u>9,269</u>	<u>599,720</u>	<u>5,532</u>	<u>991,421</u>	<u>6,503</u>	<u>997,924</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Period ended 30 September 2015

	Attributable to owners of the Company														Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Other reserve	Property revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Investment revaluation reserve	Reserve funds	Retained profits	Share option reserve	Proposed dividend	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	65,104	173,678	15,262	23,061	123,810	(9,240)	14,407	43,105	3,792	4,529	608,629	-	6,517	1,152,734	16,337	1,169,071
Profit for the period	-	-	-	-	-	-	-	-	-	4,192	-	-	4,192	2,241	6,433	
Other comprehensive income (loss) for the period:																
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(400)	-	-	-	(400)	-	(400)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(15,730)	-	-	-	-	(15,730)	(340)	(16,070)	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	(15,730)	(400)	4,192	-	-	(11,938)	1,901	(10,037)	
Recognition of equity-settled share based payment	-	-	-	-	-	-	-	-	-	-	4,771	-	4,771	-	4,771	
Issue of shares upon exercise of share options	58	436	-	-	-	-	-	-	-	-	(82)	-	412	-	412	
Issued shares expenses	-	(10)	-	-	-	-	-	-	-	-	-	-	(10)	-	(10)	
Repurchase of shares	(50)	(272)	-	-	-	50	-	-	-	(50)	-	-	(322)	-	(322)	
Share repurchases expenses	-	(7)	-	-	-	-	-	-	-	-	-	-	(7)	-	(7)	
Release of revaluation reserve	-	-	-	(2,621)	-	-	-	-	2,621	-	-	-	-	-	-	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,953)	(1,953)	
Final 2015 dividend declared	-	-	-	-	-	-	-	-	-	-	-	(6,517)	(6,517)	-	(6,517)	
At 30 September 2015	65,192	173,825*	15,262*	23,061*	121,189*	(9,240)*	14,457*	27,375*	3,392*	4,529*	605,392*	4,689*	-	1,139,123	16,285	1,155,408

* These reserve accounts comprise the consolidated reserves of HK\$1,073,931,000 (31 March 2015: HK\$1,081,033,000) in the condensed consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange thereof, pursuant to the Group reorganisation on 21 May 1997.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China. The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Notes	2015 HK\$'000	2014 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		12,861	18,370
Adjustments for:			
Finance costs	5	8,441	843
Share of profits and losses of:			
Associates		(406)	(304)
Interest income	3	(8,659)	(1,479)
Fair value gain on investment properties, net		–	(126)
Loss on disposal of items of property, plant and equipment	4	44	284
Depreciation	4	2,208	2,902
Provision for inventories	4	41	900
Reversal of impairment of other receivables	4	–	(630)
Reversal of impairment of accounts receivable	4	–	(51)
Equity-settled share option expenses	4	4,771	–
		19,301	20,709
Decrease/(increase) in properties held for sale under development and properties held for sale		24,925	(182,230)
Decrease/(increase) in gross amount due from contract customers		1,026	(10,660)
Increase in inventories		(5,645)	(800)
Increase in accounts receivable		(20,124)	(6,672)
Increase in prepayments, deposits and other receivables		(143,060)	(10,146)
Increase in gross amount due to contract customers		5,270	10,213
Increase/(decrease) in accounts payable		9,576	(27,287)
Increase in other payables and accruals		130,477	70,181
Cash from/(used in) operations		21,746	(136,692)
Interest paid		(43,325)	(25,837)
Taxes paid		(7,552)	(9,840)
Net cash flows used in operating activities – page 8		(29,131)	(172,369)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the six months ended 30 September 2015*

	2015 HK\$'000	2014 HK\$'000
Net cash flows used in operating activities – page 7	<u>(29,131)</u>	<u>(172,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,659	1,479
Dividends received from an associate	400	600
Purchases of items of property, plant and equipment	(721)	(303)
Proceeds from disposal of items of property, plant and equipment	10	–
Disposal of an associate	–	188
Repayment from/(advances to) associates, net	(43)	13
Advances to an investee	(2)	(1,004)
Contribution from a non-controlling shareholder	–	1
Capital injection from a pre-listing investor	–	12,128
Decrease/(increase in) pledged deposits	(113,299)	<u>1,071</u>
Net cash flows from/(used in) investing activities	<u>(104,996)</u>	<u>14,173</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share option	412	–
Share issue expenses	(10)	–
Repurchase of the Company's shares	(322)	–
Share repurchase expenses	(7)	–
New bank borrowings	344,237	244,285
Repayment of bank and other borrowings	(205,713)	(118,412)
Movement in balances with a related company, net	(282)	1,525
Dividends paid	(8,470)	<u>(7,192)</u>
Net cash flows from financing activities	<u>129,845</u>	<u>120,206</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,282)	(37,990)
Cash and cash equivalents at beginning of period	63,054	129,464
Effect of foreign exchange rate changes, net	(9,404)	<u>750</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>49,368</u>	<u><u>92,224</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the statement of financial position	74,089	101,033
Bank overdrafts, secured	(24,721)	<u>(8,809)</u>
Cash and cash equivalents as stated in the statement of cash flows	<u>49,368</u>	<u><u>92,224</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, which have been measured at fair value. These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2015.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2015, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) for the first time in the current period.

Amendments to HKAS 19	Defined Benefit Plans — <i>Employee Contributions</i>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of these new and revised HKFRSs in current period has had no significant financial effect on these financial statements.

The financial information for the period ended 30 September 2014 has been amended to reflect the default in payment of the balance of the purchase consideration by the purchaser of the property development and investment business segment. Please refer to the announcement of the Company dated 17 March 2015 for detail.

2. OPERATING SEGMENT INFORMATION

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

- (a) the construction business segment is engaged in construction contract works as a main contractor and decoration, as well as the provision of electrical and mechanical engineering services;
- (b) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and
- (c) the “others” segment comprises, principally, trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products of construction market.

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income, finance costs, share of profits and losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 September

	Construction business		Property development and investment business		Others		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Restated)	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Restated)
Segment revenue:								
Sales to external customers	370,025	369,760	15,264	50,885	14,676	11,520	399,965	432,165
Other income and gains	648	1,133	21,086	24,357	460	415	22,194	25,905
Revenue	<u>370,673</u>	<u>370,893</u>	<u>36,350</u>	<u>75,242</u>	<u>15,136</u>	<u>11,935</u>	<u>422,159</u>	<u>458,070</u>
Segment results								
Operating profit	8,431	8,768	8,846	15,403	3,536	892	20,813	25,063
<i>Reconciliation:</i>								
Interest income							8,659	1,479
Dividend income							-	952
Unallocated expenses							(8,576)	(8,585)
Finance costs							(8,441)	(843)
Share of profits of associates							406	304
Profit before tax							<u>12,861</u>	<u>18,370</u>

2. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2015 and 31 March 2015:

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
30 September 2015				
Segment assets	144,701	2,222,160	34,053	2,400,914
<i>Reconciliation:</i>				
Investments in associates				641
Corporate and other unallocated assets				598,402
Total assets				<u>2,999,957</u>
Segment liabilities	155,630	1,391,190	16,831	1,563,651
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				280,898
Total liabilities				<u>1,844,549</u>

2. OPERATING SEGMENT INFORMATION (CONTINUED)

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
31 March 2015				
Segment assets	128,697	2,106,047	24,119	2,258,863
<i>Reconciliation:</i>				
Investments in associates				1,035
Corporate and other unallocated assets				488,030
Total assets				<u>2,747,928</u>
Segment liabilities	132,691	1,116,931	10,063	1,259,685
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				319,172
Total liabilities				<u>1,578,857</u>

For the six months ended 30 September

	Construction business		Property development and investment business		Others		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<i>Other segment information:</i>								
Loss on disposal of items of property, plant and equipment	44	284	-	-	-	-	44	284
Reversal of impairment of accounts receivable	-	-	-	-	-	(51)	-	(51)
Reversal of impairment of other receivables	-	(630)	-	-	-	-	-	(630)
Provision for inventories	-	-	-	-	41	900	41	900
Depreciation	417	2,273	1,755	594	36	35	2,208	2,902

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracts; income from property development and investment business; the net invoiced value of goods sold, after allowance for returns and trade discounts; and provision of related installation and maintenance services.

An analysis of revenue, other income and gains is as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i> (Restated)
Revenue		
Income from construction contracting and related business	370,025	369,760
Income from property development and investment business	15,264	50,885
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products of construction market	14,676	11,520
	<u>399,965</u>	<u>432,165</u>
Other income and gains		
Bank interest income	8,659	1,479
Dividend income	–	952
Gross rental income	19,989	24,010
Others	2,205	1,895
	<u>30,853</u>	<u>28,336</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Cost of properties sold	5,266	35,024
Cost of construction contracting	348,800	345,618
Cost of inventories sold and services provided	9,293	7,296
Depreciation	2,208	2,902
Minimum lease payments under operating leases on land and buildings	704	903
Loss on disposal of items of property, plant and equipment [^]	44	284
Employee benefit expense (including directors' remuneration):		
Wages and salaries	24,832	25,552
Equity-settled share option expenses	4,771	–
Pension schemes contributions*	512	621
Less: Amount capitalised	(6,457)	(6,544)
	23,658	19,629
Directors' remuneration:		
Fee	188	228
Salaries and allowances	1,781	2,367
Equity-settled share option expenses	1,600	–
Pension schemes contributions	23	40
	3,592	2,635
Foreign exchange differences, net [^]	(613)	(724)
Provision for inventories, included in cost of inventories sold	41	900
Reversal of impairment of accounts receivable [^]	–	(51)
Reversal of impairment of other receivables [^]	–	(630)
	–	(630)

* At 30 September 2015 there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2014: Nil).

[^] These amounts are included in "Other operating income, net" on the face of the condensed consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	43,326	25,837
Less: Interest capitalised	(34,885)	(24,994)
	<u>8,441</u>	<u>843</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period (2014: 16.5%), unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax ("LAT") in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Current – Hong Kong		
Charge for the period	400	1,310
Current – Elsewhere		
Charge for the period	3,653	7,149
Underprovision in prior periods	–	194
Deferred	373	1,257
LAT in Mainland China	2,002	1,008
	<u>6,428</u>	<u>10,918</u>
Total tax charge for the period		

7. INTERIM DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Proposed interim – Nil (2014: HK1 cent) per ordinary share	<u>–</u>	<u>5,532</u>

The Board of Directors does not recommend the payment of interim dividend in respect of the six months ended 30 September 2015 (six months ended 30 September 2014: HK1 cent).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 651,721,360 (2014: 553,210,267) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Earnings Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>4,192</u>	<u>6,830</u>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	651,721,360	553,210,267
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>(2,549,763)*</u>	–
	<u>649,171,597</u>	<u>553,210,267</u>

* The computation of diluted earnings per share does not assume the conversion of the Company's share options because the exercise price of these share options was higher than the average market price of shares for the six months ended 30 September 2015.

No adjustment has been made to the basic earnings per share amounts presented for six months ended 30 September 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares issued during that period.

9. INVESTMENT PROPERTIES

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Carrying amount at 1 April	535,184	305,000
Net gain from fair value adjustment	–	141,436
Transferred from completed properties held for sale	–	91,239
Exchange realignment	<u>(8,632)</u>	<u>(2,491)</u>
Carrying amount at 30 September/31 March	<u>526,552</u>	<u>535,184</u>

The Group's investment properties are situated in Mainland China and are held under long term lease.

As at 30 September 2015, investment properties of the Group with a carrying amount of HK\$526,552,000 (31 March 2015: HK\$535,184,000) were leased to independent third parties.

10. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

	30 September 2015	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Completed properties held for sale	780,193	797,687
Properties held for sale under development	560,194	552,921
	<u>1,340,387</u>	<u>1,350,608</u>
Properties held for sale under development – expected to be recovered:		
Within one year	<u>1,340,387</u>	<u>1,350,608</u>

As at 30 September 2015, certain completed properties held for sale and properties held for sales under development of the Group with an aggregate carrying amount of HK\$390,896,000 (31 March 2015: HK\$516,900,000) were pledged to secure certain banking facilities granted to the Group.

11. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally 14 days for the sale of trading goods and up to 180 days for the sale of completed properties held for sale. For retention monies receivable in respect of construction works carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Accounts receivable are non-interest-bearing.

11. ACCOUNTS RECEIVABLE (CONTINUED)

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Current to 90 days	55,052	39,616
91 to 180 days	5,015	2,237
181 to 360 days	5,414	1,328
Over 360 days	1,814	1,412
	<u>67,295</u>	<u>44,593</u>
Retention monies receivable	11,643	14,256
	<u>78,938</u>	<u>58,849</u>

12. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Current to 90 days	27,687	14,820
91 to 180 days	1,472	2,781
181 to 360 days	590	511
Over 360 days	9,885	12,144
	<u>39,634</u>	<u>30,256</u>

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

13. SHARE CAPITAL

Shares

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Authorised:		
1,500,000,000 (31 March 2015: 1,500,000,000) ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
651,920,267 (31 March 2015: 651,840,267) ordinary shares of HK\$0.10 each	<u>65,192</u>	<u>65,184</u>

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Notes	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2015		651,840,267	65,184	173,678	238,862
Repurchase of shares	(i)	(500,000)	(50)	(272)	(322)
Exercise of share options	(ii)	580,000	58	436	494
		<u>651,920,267</u>	<u>65,192</u>	<u>173,842</u>	<u>239,034</u>
Share repurchase expenses	(i)	-	-	(7)	(7)
Share issue expenses	(ii)	-	-	(10)	(10)
		<u>651,920,267</u>	<u>65,192</u>	<u>173,825</u>	<u>239,017</u>
At 30 September 2015		<u>651,920,267</u>	<u>65,192</u>	<u>173,825</u>	<u>239,017</u>

Notes:

- (i) During the period, the Company repurchased a total of 500,000 of its own shares on the Stock Exchange at prices ranging from HK\$0.64 to HK\$0.65 per share at a total consideration, before expenses, of HK\$322,000. The repurchase shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$50,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$272,000 paid on the repurchase shares and share repurchase expenses of HK\$7,000 were charged against the share premium account.
- (ii) The subscription rights attaching to 580,000 share options were exercised at the subscription price of HK\$0.71 per share, resulting in the issue of 580,000 shares for a total cash consideration, before expenses, of HK\$412,000. An amount of HK\$82,000 was transferred from the share option reserve to share premium account upon the exercise of the share options and share issue expenses of HK\$10,000 was charged against the share premium account.

13. SHARE CAPITAL (CONTINUED)

Share options

Details of the Company's share option scheme and the share options issued under the Scheme are included in the section headed "Share Option Scheme".

14. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years.

At 30 September 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Within one year	1,188	1,274
In the second to fifth years, inclusive	3,371	3,677
After five years	792	984
	<u>5,351</u>	<u>5,935</u>

15. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Management fees received from associates	<i>(i)</i>	396	396
Management fees received from a related company	<i>(i)</i>	28	28
Rental income received from related companies	<i>(ii)</i>	<u>215</u>	<u>153</u>

Notes:

- (i) The management fees were charged by reference to actual costs incurred for the services provided by the Group.
- (ii) During the period, the rental income was charged to Fitness Concept Limited ("FCL") and 上海美格菲健身中心有限公司 ("SH Megafit") at HK\$26,000 and RMB8,333 per month respectively (2014: charged to FCL at HK\$26,000 per month). Mr. Tjia Boen Sien is a director of and has beneficial interests in the Company, FCL and SH Megafit.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Outstanding balances with related parties:

Details of the Group's balances with its associates, non-controlling shareholders and related companies as at the end of the reporting period are included in the financial statements.

- (c) Compensation of key management personnel of the Group:

The key management personnel of the Group are the directors and chief executive of the Company. Details of the remuneration of the directors are disclosed in note 4 to the financial statements.

The related party transactions in respect of item (a)(ii) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	30 September 2015 HK\$'000	31 March 2015 HK\$'000	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Financial liabilities				
Interest-bearing bank borrowings	<u>927,200</u>	<u>634,880</u>	<u>927,200</u>	<u>634,880</u>

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to subsidiaries, a joint venture, associates and a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

As at 30 September 2015, the Group did not have any financial assets measured at fair value.

Fair value hierarchy

The Group did not have any financial liabilities measured at fair value as at 30 September 2015 and 31 March 2015. As at 30 September 2015, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings of HK\$927,200,000 (31 March 2015: HK\$634,880,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 3).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2015 recorded at HK\$399,965,000, which represented a decrease of 7% as compared with the same period last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$4,192,000 representing an decrease of 39% as compared with the same period last year. The decrease was mainly due to the general slow down in the property market in the People's Republic of China (the "PRC"). In addition, HK\$4,771,000 share option expenses were incurred due to the grant of share options to certain directors and employees of the Group during the period, which contributed to the decrease of net profit attributable to equity holders of the Company. Earnings per share is approximately HK0.64 cents.

The Group's major business segments during the period comprised of (i) property development and investment; (ii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market; and (iii) construction as a main contractor and decoration, as well as the provision of electrical and mechanical ("E&M") engineering services.

During the six months ended 30 September 2015, segment operating profit generated from the property development and investment business decreased by 43% as compared to same period last year. This is mainly due to the combined effect of the slow down of the PRC property market during the period and the decrease in rental income earned during the period. Turnover generated from the sale of property decreased by 70% from HK\$50,885,000 for the period ended 30 September 2014 to HK\$15,264,000 for same period in current year. The Group's rental income earned during the period decreased by 17% from HK\$24,010,000 for the period ended 30 September 2014 to HK\$19,989,000 for the same period in current year.

BUSINESS REVIEW (CONTINUED)

Due to the default in payment of the balance of the purchase consideration by the purchaser, on 17 March 2015, the Group issued a notice of termination to the relevant purchaser confirming the termination of the sale of certain commercial units at the Zhu Ji Lane (「珠璣巷」) project in the city of Kaifeng, PRC in accordance with the terms and conditions of the relevant agreement. The turnover and gross profit of approximately HK\$126 million and HK\$34 million, respectively, which were initially recognised in the interim results for the six months ended 30 September 2014 has been reversed as from the date of termination. Please refer to the Company's announcement dated 17 March 2015 for details. The financial information for the period ended 30 September 2014 have been restated accordingly.

During the six months ended 30 September 2015, the Group completed or substantially completed projects such as the design and build foundation works for residential houses on Stubbs Road, Hong Kong, superstructure works for residential houses on Stubbs Road, Hong Kong, fitting-out works for residential houses on South Bay Road, Hong Kong, electrical installation for residential building at Kwai Fong Street, Happy Valley, Hong Kong, nominated sub-contractor for mechanical ventilation air conditioning services for the proposed student halls VII & IX development at Clear Water Bay for the Hong Kong University of Science and Technology, Hong Kong, fitting-out works for Prada shop at Causeway Bay, Hong Kong and fitting-out works for Miu Miu retail stores and Prada retail stores at Beijing, the PRC.

FINANCIAL REVIEW

Turnover

For the six months ended 30 September 2015, the Group's turnover amounted to HK\$400 million, decreased by 7% as compared to the same period last year. The decrease was mainly contributed by (i) the decrease in the sale of properties at the PRC; (ii) the completion of certain substantial projects for the electrical and mechanical engineering works last year while the new contracts granted during the period were still at the preliminary stage, and had not had revenue recognised yet; and (iii) the slow down of the sale of luxury goods resulting in the decreased demand of fitting-out work from luxury brand. Turnover generated from property development and investment business, construction contracting business and other business amounted to approximately HK\$15 million, HK\$370 million, HK\$15 million respectively, which represent a decrease of 70%, an increase of 0.1% and an increase of 27% respectively as compared the same period last year.

FINANCIAL REVIEW (CONTINUED)

Gross profit margin

During the six months ended 30 September 2015, the Group's gross profit margin was approximately 9%, down by 1% as compared to last period's 10%. This was mainly driven by the decrease in the percentage of turnover generated from the property development and investment segment, from last period's 12% to this period's 4%. The gross profit margin of this segment is generally much higher than the other main segment – construction contracting segment, and as a result of the change, the overall gross profit margin decrease.

Liquidity and financial resources

As at 30 September 2015, the Group had total assets of HK\$2,999,957,000, which has been financed by total liabilities, shareholders' equity and non-controlling interests of HK\$1,844,549,000, HK\$1,139,123,000 and HK\$16,285,000, respectively. The Group's current ratio at 30 September 2015 was 2.14 compared to 1.95 at 31 March 2015.

The gearing ratio for the Group as at 30 September 2015 is 46% (31 March 2015: 38%). It was calculated based on the non-current liabilities of HK\$1,000,485,000 (31 March 2015: HK\$709,535,000) and long term capital (equity and non-current liabilities) of HK\$2,155,893,000 (31 March 2015: HK\$1,878,606,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2015 was approximately HK\$721,000, which are mainly used in the purchase of office equipment.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

FINANCIAL REVIEW (CONTINUED)

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong of HK\$152,369,000 (31 March 2015: HK\$153,800,000);
- (ii) the pledge of certain of the Group's properties held for sale situated in Mainland China of HK\$390,896,000 (31 March 2015: HK\$516,900,000); and
- (iii) the pledge of the Group's deposits of HK\$499,400,000 (31 March 2015: HK\$386,101,000).

Treasury policies

The Director will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy level of liquidity to ensure that the Group is well-placed to take advantage of growth opportunities. In view of the expected development for the property development project in Kaifeng, the PRC, the Group will consider the feasibility of solutions that would assist on the adequacy of our Renminbi fund to finance this project. Interest for the current bank borrowings are mainly on a floating rate basis and the bank borrowings are principally denominated in Hong Kong dollars and Renminbi. Hence, the Group has no significant exposure to foreign exchange rate fluctuations.

FINANCIAL REVIEW (CONTINUED)

Exchange risk exposure

In term of foreign currencies, the Group mainly deals with Renminbi, which arise from relevant group entities' monetary assets and liabilities in relation to the Group's operating activities that are denominated in foreign currencies.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging against significant foreign currency exposures should the need arise.

PROSPECT

Property development and investment

On 9 June 2005, the Group has been granted with the land use rights of a development site in Long Ting district of the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 221,000 sq. metres. Up to now, a total of gross floor area of 190,000 sq. metres has completed construction and the total sales contract sum achieved amounted to approximately RMB751 million. The remaining portions of the complex is under construction. The process is going well and it is expected that the construction will be completed by 2017.

On 16 February 2012, the Group successfully won a bid for the acquisition of the land use right of a residential and commercial site in the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 104,000 sq. metres. It is expected that the construction will be completed by 2016.

On 14 November 2014, the Group has been granted another land use right in city of Kaifeng, PRC. The Directors has developed a commercial street project with a total gross floor area of approximately 13,000 sq. metres. It was put in use in the 27th World Hakka Conference held in October 2014. As of now, the project has been completed.

PROSPECT (CONTINUED)

Property development and investment (Continued)

The first half of 2015 was a tough period with the gradual slow growth of the PRC economy. The business performance of the Group for the period ended 30 September 2015 was not satisfactory. In the first half of 2015, the Central People's Government continued its relaxation policies towards the property sector implemented in the second half of 2014. Starting from the second quarter of this year, the property market has generally stabilised and signified growth momentum. In order to resolve the basic issue of excess supply over demand in many cities, the Central People's Government and local governments pursued adjustment measures to address both supply and demand. Land supply and land usage were optimised. Smaller down payments for the purchase of second homes, as well as tax concessions, were also in place so as to stimulate end-users' demands for upgrading. Coupled with the lowering of the interest rate and required reserve ratio which served to facilitate a stable economic development, the property industry stood to benefit as a whole.

The Board remains optimistic about the property market in Mainland China and the Group will continue to place emphasis on strengthening the property development and investment business. We may acquire additional land to richen our land reserve, specifically in the second and third tier cities in PRC where the markets continue to be bullish and growth potential is consistently increasing. However, the Group has no specific investment plan in relation to any particular project currently.

Construction business (including E&M works)

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in both the PRC and Hong Kong. To cope with the difficulties encountered in the construction and engineering industry, the Company had adopted a prudent strategy in project tendering.

PROSPECT (CONTINUED)

Construction business (including E&M works) *(Continued)*

With its proven track records and adequate expertise in the main contracting business, the Group obtained “List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR”. Together with the license in Group II under the “Turn-key Interior Design and Fitting-out Works” under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works”, the 11 licenses held under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR” and Specialist Contractor (site formation works category) by the Building Department, enables the Group is well-equipped to take an active part in the construction business development.

During the period, new projects such as main contractor for development of one residential house and associated external works including construction of substructure and superstructure works, building services and interior fitting-out works at Hoi Fung Path, Stanley, Hong Kong, fitting-out works including electrical and mechanical works for three Prada/Miu Miu shops at Wynn Palace, Macau, fire services and MVAC installation of Multimedia Production And Distribution Centre at Tseung Kwan O Industrial Estate, New Territories, Hong Kong and electrical, low voltage switchboard, fire services, plumbing and MVAC installation for a primary school, Fanling, New Territories, Hong Kong, fitting-out works of an office at Shenzhen, the PRC, fitting-out works, air-conditioning and ventilation works, plumbing and drainage works, floor heating works and electrical works for staff social center at Suning, Hebei, the PRC and the fitting-out works for a hotel at Beijing, the PRC. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK\$1,616 million.

With the Group’s proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers.

PROSPECT (CONTINUED)

Construction business (including E&M works) (Continued)

The Group is currently operating in the developed cities in the PRC. Urbanisation of the PRC is expected to continue at a rapid pace, in particular, in the third-and fourth-tier cities of the country. With the Group's expertise and experience in the PRC market, the Directors believe that the Group can seize such opportunities and focus on expanding in the third-and fourth-tier cities in the PRC.

In order to provide comprehensive services to our customers, we intend to expand our services under the building construction works from time to time and apply for additional licences, permits or qualifications which may be required.

Trading of medical equipment and home security and automation products

The increasing standards of living around the globe, especially in Hong Kong and the major cities in the PRC, and increasing health awareness, in particular from high-income consumers living in the urban areas, together create additional demand for medical equipment. Consequently, this segment should continue a worthwhile investment. In the coming year, we will expand our distribution channels and introduce a broader range of products to boost sales growth.

Also, with the increasing safety awareness in Hong Kong and the major cities in PRC, we expect that there will be a high demand for wired and wireless security devices and systems, which are relevant to management of residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

Going forward, the uncertainty in the global economy and the decline in economic growth in the PRC will continue to pose challenges to the business. The tightening policies such as restrictions on home purchase as a part of its efforts to control inflation and maintain a stable and healthy economic growth, has caused certain negative impact on the mainland property market. However, it is expected the economy of the PRC will still maintain a healthy growth. Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, as such, the Group remains optimistic in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

PROSPECT (CONTINUED)

Trading of medical equipment and home security and automation products

(Continued)

The Group will continue to adopt efficacious cost management strategies and maintain tight credit control measures to cope with challenges and to improve competitiveness within the volatile operating environment. The Directors will continue to make every effort to maximize the interests of the shareholders of the Group.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this report, during the six months ended 30 September 2015, there has been no significant investment held, material acquisition, disposal of subsidiaries and affiliated companies by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investment or capital assets as at 30 September 2015.

HUMAN RESOURCES

As at 30 September 2015, the Group has 297 employees, 185 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review increased to approximately HK\$30 million from approximately HK\$26 million in the same period last year. The increase was mainly due to the share option expenses incurred due to the grant of share options during the period.

The remuneration policy and package of the Group's employees are reviewed and approved by the directors. Apart from pension funds, in order to attract and retain capable and motivated workforce, the Company offers discretionary bonuses and share options to staff based on their individual performance and the achievements in relation to the Company's targets.

SHARE OPTION SCHEME

On 13 August 2012, the share option scheme of the Company adopted on 14 August 2002 ceased to operate and a new share option scheme (the “Scheme”) was adopted on 15 August 2012 to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company. There is no outstanding share option under the old scheme upon its cessation.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, the Company’s shareholders and other employees of the Group. The Scheme became effective on 15 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Group at the adoption date of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

SHARE OPTION SCHEME (CONTINUED)

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an ordinary share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 17 April 2015, a total of 40,000,000 share options were granted to certain of the directors and employees of the Group under the Scheme in respect of their services to the Group in the forthcoming year. The exercise price of the share options granted is HK\$0.71 per share. 10,000,000 of the share options will be exercisable during the period from 17 April 2015 to 16 April 2016 (both dates inclusive); 15,260,000 of the share options will be exercisable at any time commencing from 17 April 2016 to 16 April 2017 (both dates inclusive); and 14,740,000 of the share options will be exercisable at any time commencing from 17 April 2017 to 16 April 2018 (both dates inclusive). The price of the Company's shares at the date of grant was HK\$0.71 per share.

The following share options were outstanding under the Scheme during the period:

Name or category of participant	Number of share options				Date of grant of share options	Exercise period of share options	Exercise price of share options* HK\$ per share	Price of the Company's shares**			
	At 1 April 2015	Granted during the period	Exercised during the period	At 30 September 2015				At grant date of options HK\$ per share	Immediately before the exercise date HK\$ per share	At exercise date of options HK\$ per share	
	Directors:										
Lu Quanzhang	-	500,000	-	500,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	500,000	-	500,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	500,000	-	500,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	

SHARE OPTION SCHEME (CONTINUED)

Name or category of participant	Number of share options				Date of grant of share options	Exercise period of share options	Exercise price of share options* HK\$ per share	Price of the Company's shares**			
	At 1 April 2015	Granted during the period	Exercised during the period	At 30 September 2015				At grant date of options HK\$ per share	Immediately before the exercise date HK\$ per share	At exercise date of options HK\$ per share	
Tjia Boen Sien	-	180,000	-	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
Wang Jing Ning	-	1,000,000	-	1,000,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	2,000,000	-	2,000,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	2,000,000	-	2,000,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
Tjia Wai Yip, William	-	1,000,000	-	1,000,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	2,000,000	-	2,000,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	2,000,000	-	2,000,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
Ho Chung Tai, Raymond	-	180,000	-	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
Siu Man Po	-	180,000	(180,000)	-	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	0.80	0.78	
	-	160,000	-	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	

SHARE OPTION SCHEME (CONTINUED)

Name or category of participant	Number of share options				Date of grant of share options	Exercise period of share options	Exercise price of share options* HK\$ per share	Price of the Company's shares**			
	At 1 April 2015	Granted during the period	Exercised during the period	At 30 September 2015				At grant date of options HK\$ per share	Immediately before the exercise date HK\$ per share	At exercise date of options HK\$ per share	
Siu Kam Chau	-	180,000	-	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	160,000	-	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
	-	13,500,000	(180,000)	13,320,000							
Other employees, in aggregate	-	6,780,000	(400,000)	6,380,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	0.85	0.83	
	-	10,120,000	-	10,120,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	-	-	
	-	9,600,000	-	9,600,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	-	-	
Total	-	40,000,000	(580,000)	39,420,000							

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing price immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

The fair value of the options granted during the period was HK\$4,771,000 (2014: Nil) which was recognised as share option expenses during the period.

SHARE OPTION SCHEME (CONTINUED)

The fair value of the options at grant date is estimated using a Trinomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 September 2015 was estimated on the date of grant using the following assumptions:

Total number of options:	10,000,000	15,260,000	14,740,000
First exercise date:	17 April 2015	17 April 2016	17 April 2017
Maturity date:	16 April 2016	16 April 2017	16 April 2018
Dividend yield (%)	3.24%	3.24%	3.24%
Volatility (%)	54.51%	43.48%	39.94%
Risk-free interest rate (%)	0.12%	0.37%	0.63%
Time to maturity:	1 year	2 years	3 years

No other feature of the options granted was incorporated into the measurement of fair value.

The 580,000 share options exercised during the period resulted in the issue of 580,000 ordinary shares of the Company and new shares capital of HK\$58,000 and share premium of HK\$436,000 (before share issue expenses), as further detailed in note 13 to the financial statements.

At the end of the reporting period, the Company had 39,420,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 39,420,000 additional ordinary shares of the Company, representing approximately 6.0% of the Company's shares in issue as at the end of the reporting period, and additional share capital of HK\$3,942,000 and share premium of HK\$24,046,000 (before issue expenses).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30 September 2015, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Section 344 and 345 of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Interests in shares and underlying shares of the Company:

Name of Directors	Number of shares held, capacity and nature of interest		Number of underlying ordinary shares of HK\$0.10 each in the Company	Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Options (Note 1)		
Mr. Tjia Boen Sien (Note 2)	45,774,400 (L)	233,290,000 (L)	500,000	279,564,400	42.88%
Mr. Wang Jing Ning	14,839,600 (L)	–	5,000,000	19,839,600	3.04%
Mr. Lu Quanzhang	100,000 (L)	–	1,500,000	1,600,000	0.25%
Mr. Tjia Wai Yip, William	1,600,000 (L)	–	5,000,000	6,600,000	1.01%
Dr. Raymond Ho, Chung Tai	485,000 (L)	–	500,000	985,000	0.15%
Mr. Siu Man Po	480,000 (L)	–	320,000 (Note 3)	800,000	0.12%
Mr. Siu Kam Chau	–	–	500,000	500,000	0.08%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Notes:

- (L) denotes long position.
- The options were granted on 17 April 2015 without consideration under the Scheme adopted by the Company. The above options could be exercised from the date of grant to 16 April 2018 in accordance with the rules of the Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an initial exercise price of HK\$0.71 per share.
 - Sparta Assets Limited ("**Sparta Assets**"), a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,390,000 ordinary shares of the Company.
 - On 23 June 2015, Mr. Siu Man Po has exercised 180,000 share options out of his 500,000 share options which the Company granted to him on 17 April 2015 at an exercise price HK\$0.71 per share.

Long positions in ordinary shares of Deson Construction International Holdings Limited ("DCIHL"):

Name of Director	Number of shares held, capacity and nature of interest			Percentage of the DCIHL's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia Boen Sien*	22,887,200	628,414,868 ^z	651,302,068	65.13%
Mr. Lu Quanzhang	50,000	–	50,000	0.01%
Mr. Siu Man Po	150,000	–	150,000	0.02%

Long positions in ordinary shares of Sparta Assets:

Name of Director	Number of shares held, capacity and nature of interest			Percentage of the Sparta Assets's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia Boen Sien*	233,290,000	–	233,290,000	100.00%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Notes:

- * Sparta Assets, a company incorporated in the British Virgin Islands (“BVI”) and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.
- # Mr. Tjia Boen Sien beneficially owns all the shares in Sparta Assets, a company incorporated in the BVI. Sparta Assets directly beneficially owned 116,645,000 shares in DCIHL and it beneficially owned 233,290,000 shares in the Company, representing 35.79% of the issued share capital of the Company. By virtue of the SFO, Mr. Tjia is deemed to be interested in 628,414,868 shares in DCIHL (being aggregate of 116,645,000 shares in DCIHL held by Sparta Assets and 511,769,868 shares in DCIHL indirectly owned by the Company (through Deson Development Holdings Limited (“DDHL”) which Sparta Assets is deemed to be interested in)).

The interests of the Directors in the share options of the Company are separately disclosed in the section headed “Share Option Scheme”.

Save as disclosed above and in the section headed “Share Option Scheme”, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation” above and in the share option scheme disclosures in section headed “Share Option Scheme”, at no time during the six months ended 30 September 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2015, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Sparta Assets (<i>Note 1</i>)	Beneficial Owner	233,290,000	35.79%
Mr. Tjia Boen Sien	Interests of controlled corporation	233,290,000	35.79%
	Directly beneficially own	45,774,400	7.02%
Granda Overseas Holding Co. Ltd. ("Granda") (<i>Note 2</i>)	Beneficial Owner	115,799,160	17.76%
Mr. Chen Huofa	Interests of controlled corporation	115,799,160	17.76%

Notes:

1. Sparta Assets, a company incorporated in the BVI and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.
2. Granda, a company incorporated in the BVI and wholly owned by Mr. Chen Huofa, is beneficially interested in 115,799,160 ordinary shares of the Company.

Save as disclosed above, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above, at 30 September 2015, had registered an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK1 cent).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2015, the Company purchased some of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it was the best way of enhancing shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summarised details of those transactions are as follows:

	Number of Shares repurchased	Price per share		Total price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2015	<u>500,000</u>	0.65	0.64	<u>322</u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$50,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$272,000 paid on the repurchases shares and share repurchase expenses of HK\$7,000 were charged against the share premium account.

The purchase of the Company's shares during the period was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with an aim to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CAPITAL STRUCTURE

Details of the changes of the capital structure of the Company during the six months ended 30 September 2015 are set out in the note 13 to the financial statements.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2015, the Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2015, save for the deviation from the Code Provision A.4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

CORPORATE GOVERNANCE (CONTINUED)

Summary of deviation of the CG Code:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company have not been appointed for a specific term. However, all non-executive directors are subject to retirement and rotation once every three years in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

MODEL CODE FOR 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.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2015.

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters including the review of the interim results for the six months ended 30 September 2015, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprise of three independent non-executive directors of the Company, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

AUDIT COMMITTEE (CONTINUED)

The interim results of the Company for the six months ended 30 September 2015 have not been audited by the Company's auditors. The Audit Committee held a meeting on 10 November 2015. The Audit Committee has considered and reviewed the interim report and interim financial statements of the Group and given their opinion and recommendation to the Board. The Audit Committee considers that the 2015 interim report and interim financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

NOMINATION COMMITTEE

The Company has a nomination committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant appropriate blend of skills, knowledge and experience. The nomination committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the remuneration policy and fixing the remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

BOARD OF DIRECTOR

As at the date of this report, the executive Directors of the Company are Mr. Lu Quanzhang, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Tjia Wai Yip, William, the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.

By Order of the Board

Tjia Boen Sien

Managing Director and Deputy Chairman

Hong Kong, 10 November 2015