



CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 711

45 YEARS
周年紀念
SINCE 1968

45th Anniversary Since 1968



**Interim
Report
2013**

Vision

To be an acclaimed contractor and developer in Asia with dynamic and sustainable growth

Mission

- Improve people's quality of life through city and infrastructure development
- Grow with our employees through fulfilling work environment and career development
- Create value for shareholders

Core Values



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Pang Yat Ting, Dominic (*Chairman*)
Pang Yat Bond, Derrick (*Deputy Chairman*)
Kwok Yuk Chiu, Clement (*Managing Director*)
Li Wai Hang, Christina

Independent Non-executive Directors

Au Son Yiu
Chan Chiu Ying, Alec
Hui Chiu Chung, Stephen
Lee Shing See

AUDIT COMMITTEE

Chan Chiu Ying, Alec (*Chairman*)
Au Son Yiu
Hui Chiu Chung, Stephen

EXECUTIVE COMMITTEE

Pang Yat Ting, Dominic (*Chairman*)
Pang Yat Bond, Derrick
Kwok Yuk Chiu, Clement
Liu Chun Ming, Robin

MANAGEMENT COMMITTEE

Pang Yat Bond, Derrick (*Chairman*)
Pang Yat Ting, Dominic
Kwok Yuk Chiu, Clement
Li Wai Hang, Christina

NOMINATION COMMITTEE

Lee Shing See (*Chairman*)
Au Son Yiu
Pang Yat Ting, Dominic

REMUNERATION COMMITTEE

Au Son Yiu (*Chairman*)
Chan Chiu Ying, Alec
Pang Yat Bond, Derrick

COMPANY SECRETARY

Chan Sau Mui, Juanna

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Conyers Dill & Pearman
Deacons

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai
Banking Corporation Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

C2, 5th Floor
Hong Kong Spinners Industrial Building
601–603 Tai Nan West Street
Cheung Sha Wan
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

CORPORATE WEBSITE

www.chunwo.com

STOCK CODE

711

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2013	2012 (restated [^])
Total revenue	HK\$3,106.7 million	HK\$2,309.6 million
Profit attributable to owners of the Company	HK\$53.4 million	HK\$37.2 million
Earnings per share	HK5.35 cents	HK3.80 cents
Diluted earnings per share	HK5.29 cents	HK3.80 cents
	30 September 2013	31 March 2013 (restated [^])
Equity per share*	HK\$1.49	HK\$1.55
Gearing ratio [#]	0.89	0.79

* *Equity per share refers to equity attributable to owners of the Company divided by the total number of issued ordinary share capital as at 30 September 2013 and 31 March 2013 respectively.*

[#] *Gearing ratio represents the proportion of net interest bearing debts to equity attributable to owners of the Company as at 30 September 2013 and 31 March 2013 respectively.*

[^] *Upon the application of HKFRS 11, all of the Group's joint arrangements that were previously classified as jointly controlled entities under HKAS 31 should be classified as joint operations under HKFRS 11.*

BUSINESS REVIEW

Interim Results

For the six months ended 30 September 2013, Chun Wo Development Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Chun Wo") recorded revenue of approximately HK\$3,106.7 million, representing an increase of 35% over HK\$2,309.6 million for the corresponding period of last year. Profit attributable to owners of the Company rose to approximately HK\$53.4 million from HK\$37.2 million for the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Construction

During the review period, the Group continued to seize on opportunities created from sustainable infrastructure and urban development in Hong Kong. With Chun Wo's depth of experience, expertise, solid reputation and competitiveness, it has been able to add to the number of contracts in hand — worth approximately HK\$26.64 billion as at 30 September 2013, in which HK\$14.63 billion remains outstanding. These figures represent increases of 5% and 19% respectively over the comparable figures as at 31 March 2013. The Group delivered promising results in the construction business, with revenue rising by 34% to HK\$2.70 billion. Profit from this segment grew by 16% to HK\$33.4 million.

During the review period, the Group won seven major projects worth a total contract sum of approximately HK\$4.68 billion. Among the number of new large-scale projects won from the MTR Corporation Limited ("MTRC") include civil engineering works for the Shatin to Central Link, Kai Tak Station and associated tunnels; and platform modification and associated works at the East Rail Line. Highly significant is the winning of a mega-scale civil engineering project at Liantang, granted by the Government of the Hong Kong Special Administrative Region (the "Hong Kong Government"), and representing a contract sum of about HK\$2.55 billion. In extending its business interests to Macau, the Group has been awarded with construction works for a new hangar at the Macau International Airport. The contract was reached in August 2013 and is worth a contract sum of about HK\$191.0 million.

After the review period, the Group won two contracts in Hong Kong worth about HK\$423.0 million and HK\$2.45 billion respectively, involving a Home Ownership Scheme project in Yuen Long and a project in handling of surplus public fill.

With a vast majority of construction and infrastructure projects involving different departments of the Hong Kong Government, Chun Wo has shown that it is extremely competitive in public sector tenders, and more importantly, that it possesses highly demanded expertise, which ranges from foundation works and civil construction to slope works, tunnelling, and electrical and mechanical fitting. Such expertise was leveraged for a number of ongoing projects, including the Central-Wan Chai Bypass; Diamond Hill to Kai Tak tunnels for the MTR Shatin to Central Link; and Happy Valley Underground Stormwater Storage Scheme with the Drainage Services Department — the largest civil project under New Engineering Contract ever awarded by the Hong Kong Government. Chun Wo has also been entrusted with several waterworks and building foundation projects in Hong Kong, all of which have achieved good progress.

Among the projects that were completed by the Group during the period under review, include infrastructure works at Town Centre South and Tiu Keng Leng in Tseung Kwan O; fitting out works for residential developments in Tseung Kwan O and Tai Po; and construction works at the Tsz Shan Monastery complex.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Construction *(Continued)*

Separately, due to additional works performed and cost incurred by the Group for superstructure works in relation to the main buildings and associated facilities at the Tsz Shan Monastery complex, Chun Wo's subsidiary has commenced legal proceedings to seek payment for an outstanding amount of approximately HK\$335.0 million. Therefore, a writ of summons was issued at the High Court of the Hong Kong Special Administrative Region against Metta Resources Limited on 8 August 2013.

Property Development

During the review period, the Group recorded revenue of approximately HK\$262.3 million from the property development segment, representing a rise of 44%. This was due to increased marketing efforts that successfully attracted the attention of home purchasers to the Group's residential projects in Mainland China. Segment profit also increased by 11% to HK\$67.1 million in the period under review.

Having determined the need to focus primarily on the Hong Kong and Southern China property markets, Chun Wo has begun to bolster its presence in these two regions. In September, the Group entered into a joint venture, acquiring a prime site in Kau To Shan, Sha Tin, with a winning bid of HK\$2.71 billion. A total investment of approximately HK\$5 billion will be made to transform the 354,132 square feet site into a luxury residential development comprising houses and apartments. Indicative of Chun Wo's flexibility to develop a variety of projects, it is also acquiring an industrial building in Cheung Sha Wan for redevelopment. As over 90% of the interests had been purchased, an application was made in June to the Lands Tribunal for a compulsory sale order. During the period under review, Chun Wo was actively involved in several land auctions as well, both solely and collaborately with joint-venture partners. Sites in Wan Chai, Lantau Island and Kai Tak were among those of interest.

In respect of the Southern China region, the Group has closely examined several potential sites in the Guangdong province but no project of interest has yet been identified.

With regards to the "Arc De Royal" and "Le Palais Royal" projects in Shijiazhuang, Hebei Province and Shanwei, Guangdong Province respectively, both were able to generate solid sales. All of the units in Tower 9 of "Arc De Royal" in Shijiazhuang have been sold while 58% of the units in Tower 8 have been sold. Regarding the vacant land in Phase 3 of this project, the management will consider possibly developing the property with a joint-venture partner, or selling the land for profit. As for "Le Palais Royal" in Shanwei, 97% of residential units and 92% of retail units have been sold as of 30 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

Overseas, the construction of “Reem Diamond” low-rise residential development project in Abu Dhabi, United Arab Emirates, has been completed. Preparations for the open sale and leasing of units at the 10-storey apartment are now underway. In addition to being a new source of income, the “Reem Diamond” brings valuable experience in developing premium residences to the Group, which will be conducive to the development of future projects.

Property Investment

The performance of the Group’s property investment remained satisfactory. The “Infinity 8” shopping mall in Choi Hung, Hong Kong, representing a major property investment for Chun Wo, posted a 18% rise in rental income over the same time last year. The Group has 40% interest in “Grand View Garden” shopping mall, located at Hammer Hill Road, Kowloon, Hong Kong, which recorded an 6% year-on-year growth in rental revenue. Since the Group is now focusing squarely on construction and property development, the management is considering selling the investment properties should an appropriate opportunity emerge.

Security and Property Management Services

The Group’s security and property management services subsidiaries have continued to achieve satisfactory profit growth. Most recently, these subsidiaries earned security contracts with Modern Terminals Limited and Kai Tak Cruise Terminal, and also clubhouse management contract with MTRC’s Tung Chung Coastal Skyline. In addition, the security service division was chosen by CMA Exhibition Services Limited to provide security management services during the Hong Kong Brands and Products Expo, thus marking the fourth consecutive year that it has been entrusted with the responsibility. To realise further growth, the Group will seek to capitalise on ties with its clients, as well as by ongoing development of one-stop solutions.

Liquidity and Financial Resources

The Group mainly relies upon internally generated funds as well as bank and other borrowings to finance its operations and expansion, which is supplemented by equity funding when it is required.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Liquidity and Financial Resources (Continued)

At 30 September 2013, the total net debts of the Group amounted to approximately HK\$1,425.9 million, representing total debts of approximately HK\$2,514.3 million less total of pledged bank deposits and bank balances and cash of approximately HK\$1,088.4 million. The debt maturity profile based on scheduled repayment dates set out in loan agreements of the Group at 30 September 2013 is analysed as follows:

	30 September 2013 HK\$ million	31 March 2013 HK\$ million (restated)
Borrowings and obligations under finance leases repayable:		
Within one year or on demand	2,100.7	1,652.7
After one year, but within two years		
– On demand shown under current liabilities	25.1	61.9
– Remaining balances	11.3	9.0
After two years, but within five years		
– On demand shown under current liabilities	14.8	25.8
– Remaining balances	212.4	199.6
Over five years		
– On demand shown under current liabilities	–	6.6
	2,364.3	1,955.6
Unsecured bonds – repayable after one year, but within two years	150.0	150.0
Total debts	2,514.3	2,105.6

At 30 September 2013, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to owners of the Company was 0.89 (31 March 2013: 0.79 (restated)).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources *(Continued)*

To minimise exposure on foreign exchange fluctuations, the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars or Renminbi which are the same as the functional currency of the relevant group entity. The Group has no significant exposure to foreign exchange rate fluctuations and shall use derivative contracts to hedge against its exposure to currency risk only when it is required. Furthermore, the Group's borrowings have not been hedged by any interest rate financial instruments.

The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

Pledge of Assets

As at 30 September 2013, the Group pledged bank deposits, properties, plant and equipment of approximately HK\$1,338.2 million to financial institutions in order to secure the general banking facilities granted to the Group.

In addition, the Group has pledged its entire equity interest in one of its wholly-owned subsidiaries to secure the banking facilities granted to the Group.

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in Note 18 to the condensed consolidated financial statements.

Employee and Remuneration Policies

The Group had approximately 3,800 employees at 30 September 2013. Total remuneration of employees for the six months ended 30 September 2013 amounted to approximately HK\$491.3 million. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. Employee bonus is distributable based on the performance of the respective companies and the employees concerned. The Group also provides in-house and external training programmes which are complementary to certain job functions.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OUTLOOK AND PROSPECTS

Construction

Looking ahead, the Hong Kong Government is expected to continue implementing its strategy of infrastructural and residential development, and in expediting such efforts, will result in more large-scale civil engineering and public housing projects. Among the high-profile developments that the Hong Kong Government will move ahead, including the West Kowloon Cultural District and Kowloon East. Still other significant projects on the horizon include the Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central-Kowloon Route, and boundary crossing facilities for the Hong Kong-Zhuhai-Macau Bridge.

Bearing in mind the many upcoming opportunities, the management will be rigorously examining potential projects, and only engaging in those with reasonably high margin levels. The Group will also focus on short- to medium-term construction projects as this will allow it to have the flexibility to enter into more contracts and gain better cost control, benefiting from its high level of technical and management expertise. With environmental protection becoming a growing concern, Chun Wo will also look to provide relevant construction and operation management services, and thus help the Group establish a foothold in a segment that the management is highly optimistic about.

While the booming construction industry has created immense opportunities, it has also led to a rise in a variety of costs, including subcontractor fees. The management will therefore examine ways to curb expenses, optimise efficiency and enhance the overall performance of the construction business.

Property Development

As the Hong Kong Government continues its efforts to ward off speculation in the local property market, it will implement cooling measures and promote public property development, the latter of which will require expanding its land bank — the Northeast New Territories being among the potential areas studied. Despite such actions, the management will continue to look for suitable property development opportunities in Hong Kong and Southern China, as fundamental housing demand in both markets is expected to remain healthy in the long run.

The Group will particularly focus on developing smaller projects where its project management experience, expertise in building services, resources deployment and construction capabilities can be best exploited, though in the case of larger projects, joint-venture partnerships will be contemplated.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OUTLOOK AND PROSPECTS *(Continued)*

Property Development *(Continued)*

The Group will also consider increasing its involvement in industrial redevelopment projects, such as in West Kowloon, leveraging its expertise in building and project management. Chun Wo is well prepared to seize opportunities from the property markets and look forward to generating high returns from this segment.

Overview

In view of the opportunities that exist in both the construction and property development segments, and the strategies in place to seize such opportunities, the management is optimistic about Chun Wo's prospects going forward. Sustainable growth will remain the principal goal of the Group, and correspondingly, an annual net profit growth rate of 10% will continue to be among the targets set by the management.

CORPORATE SOCIAL RESPONSIBILITY

While fully committed to the advancement of Chun Wo, the management is equally committed to the advancement of society through active involvement in various activities, sponsorship programmes and volunteer works. The Group seeks to encourage its staff to fulfil their responsibilities to society, to bring about positive change and to build a more harmonious society.

With the goal of broadening the Group's involvement and contribution to society in the upcoming year, it has partnered with St. James' Settlement, and will be organising seven volunteer activities in 2014 with the objective of providing more opportunities for the students with special needs to contact with the community and broaden their horizons.

Outside Hong Kong, the Group has been working with Habitat for Humanity China. This has enabled Chun Wo to do what it does best — building and construction — while helping those in need.

AWARDS AND RECOGNITIONS

In its commitment to excellence, Chun Wo has continued to earn plaudits from public and private organisations. During the review period, the Group was presented with a number of awards, including the following:

Award Name	Issuing Authority
Award for Excellence in Training and Development 2013 – Development Category (Gold Award)	The Hong Kong Management Association
Yan Oi Tong Plastic Recycling Partnership Scheme 2012 – Construction (Second Runner-up)	Yan Oi Tong EcoPark Plastic Resources Recycling Centre
12th Hong Kong Occupational Safety & Health Award 2013 – Safety Management System Award – Construction (Bronze Award)	Occupational Safety & Health Council
12th Hong Kong Occupational Safety & Health Award 2013 – Safety Performance Award – Construction	Occupational Safety & Health Council
Construction Safety Promotional Campaign 2013 – Best Refurbishment and Maintenance Contractor in Occupational Safety and Health (Bronze Award)	Occupational Safety & Health Council
HKCA Safety Awards – HKCA Proactive Safety Contractors Award for the year 2012	Hong Kong Construction Association
Project Quality, Safety, Environmental and Stakeholder Engagement Awards – Lowest Reportable Accident Frequency Rate Award	MTR Corporation Limited
Project Quality, Safety, Environmental and Stakeholder Engagement Awards – Contractors' Supervisor Safety Award	MTR Corporation Limited
Safe Subcontractor Award 2013 – Recognizing Excellence in Safety (2nd Runner-up)	The Lighthouse Club

Underscoring Chun Wo's dedication to protecting the wellbeing of its staff, the Group was recognised by the Occupational Safety & Health Council, which bestowed it with both the Construction Safety Promotional Campaign 2013 – Best Refurbishment and Maintenance Contractor in Occupational Safety and Health (Bronze Award) and 12th Hong Kong Occupational Safety & Health Award 2013 – Safety Management System Award – Construction (Bronze Award). MTRC likewise presented two awards relating to excellence in safety to the Group.

Still other plaudits received for the Group's safety efforts include the HKCA Safety Awards – HKCA Proactive Safety Contractors Award for the year 2012 from the Hong Kong Construction Association. While safety is intrinsic to the wellbeing of staff, professional development is also an important component, and Chun Wo was recognized in the aspect as well; earning the Award for Excellence in Training and Development 2013 – Development Category (Gold Award) from The Hong Kong Management Association.

In doing its part in protecting the environment, which benefits all of society, the Group was named Yan Oi Tong Plastic Recycling Partnership Scheme 2012 – Construction (Second Runner-up) by the Yan Oi Tong EcoPark Plastic Resources Recycling Centre.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013 (Unaudited)

		Six months ended 30 September	
	Notes	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue	3	3,106,654	2,309,626
Cost of sales		(2,887,190)	(2,101,050)
Gross profit		219,464	208,576
Other income		9,741	4,415
Other gains and losses		22,345	(521)
Fair value changes on investment properties	10	–	(2,199)
Selling expenses		(4,540)	(3,580)
General and administrative expenses		(145,136)	(114,952)
Share of results of associates		9,035	2,975
Finance costs	4	(21,123)	(21,481)
Profit before tax		89,786	73,233
Income tax expense	5	(36,416)	(36,065)
Profit for the period	6	53,370	37,168
Other comprehensive income (expense)			
Exchange differences arising on translation		12,166	(5,846)
Release of translation reserve upon deregistration of a subsidiary		(22,313)	–
Other comprehensive expense for the period		(10,147)	(5,846)
Total comprehensive income for the period		43,223	31,322
Profit for the period attributable to:			
Owners of the Company		53,370	37,168
Non-controlling interests		–	–
		53,370	37,168
Total comprehensive income attributable to:			
Owners of the Company		43,223	31,322
Non-controlling interests		–	–
		43,223	31,322
Earnings per share	8		
– Basic		5.35 cents	3.80 cents
– Diluted		5.29 cents	3.80 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013 (Unaudited)

	Notes	30 September 2013 HK\$'000	31 March 2013 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	9	260,527	231,225
Investment properties	10	380,027	386,595
Interests in associates		61,827	62,088
Other investment	11	151,000	–
Deferred tax assets		5,266	6,586
Amounts due from associates		103,457	103,345
		962,104	789,839
Current assets			
Amounts due from customers for contract work		1,426,228	1,276,578
Debtors, deposits and prepayments	12	1,372,762	914,016
Other investment	11	120,000	–
Properties under development for sale		906,391	847,287
Deposits paid for properties under development for sale		212,872	212,080
Properties held for sale		133,847	319,791
Deposits paid for properties held for sale		17,462	21,324
Investments held for trading		283	341
Amounts due from associates		705	705
Amounts due from joint operations / other partners of joint operations	13	176,464	125,047
Tax recoverable		2,799	1,842
Pledged bank deposits		481,526	295,015
Bank balances and cash		606,824	607,615
		5,458,163	4,621,641
Assets classified as held for sale		–	6,321
		5,458,163	4,627,962

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2013 (Unaudited)

	Notes	30 September 2013 HK\$'000	31 March 2013 HK\$'000 (restated)
Current liabilities			
Amounts due to customers for contract work		817,994	466,649
Creditors, deposits and accrued charges	14	1,150,911	1,029,049
Deposits received from sales of properties		42,830	95,964
Amounts due to associates		15,972	15,902
Amounts due to joint operations / other partners of joint operations	13	139,588	74,190
Amount due to a non-controlling shareholder		921	4,026
Tax payable		106,030	83,111
Dividend payable		13,878	–
Obligations under finance leases		18,218	16,531
Borrowings	15	2,122,384	1,730,488
		4,428,726	3,515,910
Net current assets		1,029,437	1,112,052
Total assets less current liabilities		1,991,541	1,901,891
Non-current liabilities			
Unsecured bonds		150,000	150,000
Obligations under finance leases		22,414	16,802
Borrowings	15	201,284	191,784
Deferred tax liabilities		12,395	12,340
		386,093	370,926
Net assets		1,605,448	1,530,965
Capital and reserves			
Share capital	16	107,760	98,777
Reserves		1,497,338	1,431,838
Equity attributable to owners of the Company		1,605,098	1,530,615
Non-controlling interests		350	350
Total equity		1,605,448	1,530,965

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013 (Unaudited)

		Attributable to owners of the Company										
	Note	Share capital	Share premium	Special reserve	Share option reserve	Capital reserve	Translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total
		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 2012		97,864	386,636	2,900	9,107	8,531	119,440	9,765	846,376	1,480,619	350	1,480,969
Profit for the period		-	-	-	-	-	-	-	37,168	37,168	-	37,168
Exchange differences arising on translation		-	-	-	-	-	(5,846)	-	-	(5,846)	-	(5,846)
Total comprehensive (expense) income for the period		-	-	-	-	-	(5,846)	-	37,168	31,322	-	31,322
Recognition of equity-settled share-based payments		-	-	-	776	-	-	-	-	776	-	776
Lapse of share options		-	-	-	(408)	-	-	-	408	-	-	-
Dividend recognised as distribution	7	-	-	-	-	-	-	-	(7,829)	(7,829)	-	(7,829)
At 30 September 2012		97,864	386,636	2,900	9,475	8,531	113,594	9,765	876,123	1,504,888	350	1,505,238
At 1 April 2013		98,777	389,659	2,900	7,659	8,531	96,034	-	927,055	1,530,615	350	1,530,965
Profit for the period		-	-	-	-	-	-	-	53,370	53,370	-	53,370
Exchange differences arising on translation		-	-	-	-	-	12,166	-	-	12,166	-	12,166
Release of translation reserve upon deregistration of a subsidiary		-	-	-	-	-	(22,313)	-	-	(22,313)	-	(22,313)
Total comprehensive (expense) income for the period		-	-	-	-	-	(10,147)	-	53,370	43,223	-	43,223
Recognition of equity-settled share-based payments		-	-	-	318	-	-	-	-	318	-	318
Issue of shares upon exercise of warrants and share options		8,983	35,837	-	-	-	-	-	-	44,820	-	44,820
Exercise of share options		-	-	-	(333)	-	-	-	333	-	-	-
Dividend recognised as distribution	7	-	-	-	-	-	-	-	(13,878)	(13,878)	-	(13,878)
At 30 September 2013		107,760	425,496	2,900	7,644	8,531	85,887	-	966,880	1,605,098	350	1,605,448

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013 (Unaudited)

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Net cash from (used in) operating activities	52,670	(184,598)
Investing activities		
(Placement) withdrawal in pledged bank deposits	(183,514)	94,733
Interest received	4,904	2,046
Proceeds from disposal of property, plant and equipment	348	480
Proceeds from disposal of investment properties	6,554	–
Proceeds from disposal of assets classified as held for sale	6,321	–
Amount advanced to an associate	(42)	(7)
Amount advance to a joint operation / other partner of a joint operation	(39,200)	–
Purchase of property, plant and equipment	(31,620)	(8,242)
Dividend received from an associate	9,296	–
Other investing cash flows	(271,000)	–
Net cash (used in) from investing activities	(497,953)	89,010
Financing activities		
New trust receipt loans raised	801,334	578,023
Repayment of trust receipt loans	(684,137)	(527,768)
New bank loans raised	960,764	328,630
Repayment of bank loans	(661,091)	(354,255)
Repayment of mortgage loans	(15,474)	(885)
Repayment of principal portion of obligations under finance leases	(10,192)	(10,781)
Amount advance from a joint operation / other partner of a joint operation	39,200	–
Interest paid	(33,721)	(30,365)
Proceeds from issue of shares	44,820	–
Net cash from (used in) financing activities	441,503	(17,401)
Net decrease in cash and cash equivalents	(3,780)	(112,989)
Cash and cash equivalents at beginning of the period	607,615	604,755
Effect of foreign exchange rate changes	2,989	889
Cash and cash equivalents at end of the period, represented by bank balances and cash	606,824	492,655

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 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 (“Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as described below, the application of the new and revised HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

Impact of the application of HKFRS 10

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In accordance with the new definition of control and the related guidance set out in HKFRS 10, the directors concluded that the application of HKFRS 10 has had no material impact on the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements taking into account the structure, the legal form of the joint arrangements, the contractual terms agreed by the parties to the joint arrangements, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets.

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Upon the application of HKFRS 11, the directors concluded that all of the Group's joint arrangements that were previously classified as jointly controlled entities under HKAS 31 and accounted for using the equity method, should be classified as joint operations under HKFRS 11 taking into account the relevant joint arrangement agreements that specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements. The comparative figures have been restated to reflect the change (see below for details).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Summary of the effect of changes in accounting policy

The effect of the application of HKFRS 11 on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Increase in revenue	768,638	546,470
Increase in cost of sales	(720,283)	(499,260)
Decrease in other income	(35,622)	(23,801)
Increase in general and administrative expenses	(207)	(261)
Decrease in share of results of joint operations	(12,279)	(19,311)
Increase in income tax expense	(247)	(3,837)
Net increase in profit for the interim period	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Summary of the effect of changes in accounting policy (Continued)

The effect of the application of HKFRS 11 on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2013, is as follows:

	31 March 2013 HK\$'000 (originally stated)	Adjustments	31 March 2013 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	228,853	2,372	231,225
Investment properties	386,595	–	386,595
Interests in associates	62,088	–	62,088
Interests in joint ventures	67,444	(67,444)	–
Deferred tax assets	6,586	–	6,586
Amounts due from associates	103,345	–	103,345
	854,911	(65,072)	789,839
Current assets			
Amounts due from customers for contract work	743,609	532,969	1,276,578
Debtors, deposits and prepayments	710,261	203,755	914,016
Properties under development for sale	847,287	–	847,287
Deposits paid for properties under development for sale	212,080	–	212,080
Properties held for sale	319,791	–	319,791
Deposits paid for properties held for sale	21,324	–	21,324
Investments held for trading	341	–	341
Amounts due from associates	705	–	705
Amounts due from joint operations / other partners of joint operations	187,334	(62,287)	125,047
Tax recoverable	639	1,203	1,842
Pledged bank deposits	237,670	57,345	295,015
Bank balances and cash	405,547	202,068	607,615
	3,686,588	935,053	4,621,641
Assets classified as held for sale	6,321	–	6,321
	3,692,909	935,053	4,627,962

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

Summary of the effect of changes in accounting policy (Continued)

	31 March 2013 HK\$'000 (originally stated)	Adjustments	31 March 2013 HK\$'000 (restated)
Current liabilities			
Amounts due to customers for contract work	205,025	261,624	466,649
Creditors, deposits and accrued charges	825,960	203,089	1,029,049
Deposits received from sales of properties	95,964	–	95,964
Amounts due to associates	15,902	–	15,902
Amounts due to joint operations / other partners of joint operations	45,094	29,096	74,190
Amount due to a non-controlling shareholder	4,026	–	4,026
Tax payable	76,839	6,272	83,111
Obligations under finance leases	16,531	–	16,531
Borrowings	1,360,588	369,900	1,730,488
	2,645,929	869,981	3,515,910
Net current assets	1,046,980	65,072	1,112,052
Total assets less current liabilities	1,901,891	–	1,901,891
Non-current liabilities			
Unsecured bonds	150,000	–	150,000
Obligations under finance leases	16,802	–	16,802
Borrowings	191,784	–	191,784
Deferred tax liabilities	12,340	–	12,340
	370,926	–	370,926
Net assets	1,530,965	–	1,530,965
Capital and reserves			
Share capital	98,777	–	98,777
Reserves	1,431,838	–	1,431,838
Equity attributable to owners of the Company	1,530,615	–	1,530,615
Non-controlling interests	350	–	350
Total equity	1,530,965	–	1,530,965

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3 SEGMENT INFORMATION

Revenue of the Group represents the contract revenue arising on construction contracts, revenue from sale of properties, rental and leasing income from properties and service income from security and property management services for the period.

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred as the “CODM”). For the purpose of performance assessment and resource allocation by the CODM, the Group’s business activities are categorised under the following operating and reportable segments:

1. Construction work – provision of civil engineering, electrical and mechanical engineering, foundation and building construction work
2. Property development – sale of properties
3. Property investment – leasing of properties
4. Professional services – provision of security and property management services
5. Other activities – other activities including trading of securities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3 SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 September 2013

	Construction work HK\$'000	Property development HK\$'000	Property investment HK\$'000	Professional services HK\$'000	Other activities HK\$'000	Consolidated HK\$'000
REVENUE						
Segment revenue	2,702,941	262,317	6,052	135,344	-	3,106,654
RESULT						
Operating results	33,387	59,920	5,725	6,467	(199)	105,300
Share of results of associates	-	7,223	1,812	-	-	9,035
Segment profit (loss)	33,387	67,143	7,537	6,467	(199)	114,335
Unallocated corporate expenses						(8,330)
Interest income						4,904
Finance costs						(21,123)
Profit before tax						89,786
Income tax expense						(36,416)
Profit for the period						53,370

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2012

	Construction work HK\$'000	Property development HK\$'000	Property investment HK\$'000	Professional services HK\$'000	Other activities HK\$'000	Consolidated HK\$'000
REVENUE						
Segment revenue	2,012,761	182,243	6,033	108,589	-	2,309,626
RESULT						
Operating results	28,793	57,610	4,112	6,109	(119)	96,505
Share of results of associates	-	2,975	-	-	-	2,975
Segment profit (loss)	28,793	60,585	4,112	6,109	(119)	99,480
Unallocated corporate expenses						(6,812)
Interest income						2,046
Finance costs						(21,481)
Profit before tax						73,233
Income tax expense						(36,065)
Profit for the period						37,168

Segment revenue represents the revenue of the Group as presented in condensed consolidated statement of profit or loss and other comprehensive income.

Segment result represents the gross profit (loss) generated from each segment, net of selling expenses and general and administration expenses directly attributable to each segment without allocation of interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 FINANCE COSTS

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Interests on:		
Bank loans wholly repayable within five years	27,704	24,097
Bank loans not wholly repayable within five years	–	102
Finance leases	579	728
Unsecured bonds	5,438	5,438
Total borrowing costs	33,721	30,365
Less: Amount attributable to contract work	(9,963)	(7,327)
Amount capitalised as part of costs of properties under development for sale	(2,635)	(1,557)
	21,123	21,481

5 INCOME TAX EXPENSE

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

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

The provision of PRC Land Appreciation Tax ("LAT") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 INCOME TAX EXPENSE (Continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Current tax		
– Hong Kong Profits Tax	8,583	5,660
– PRC Enterprise Income Tax	13,715	13,753
– PRC LAT	11,643	16,404
– Other Jurisdictions	2,700	100
	36,641	35,917
Deferred tax	(225)	148
	36,416	36,065

6 PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortisation	19,594	17,986
Less: Amount attributable to contract work	(16,562)	(14,610)
	3,032	3,376
Gain on disposal of property, plant and equipment	(120)	(33)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 DIVIDENDS

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Final dividend		
Final dividend recognised as distribution in respect of 2013 of HK 1.4 cents (2012: HK0.8 cent) per share	13,878	7,829

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2013.

8 EARNINGS PER SHARE

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

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	53,370	37,168

	Six months ended 30 September	
	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	997,530,970	978,638,531
Effect of dilutive potential ordinary shares in respect of:		
– Share options	2,812,519	91,247
– Warrants	8,092,199	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,008,435,688	978,729,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$31.6 million (six months ended 30 September 2012: HK\$8.2 million) on property, plant and equipment. In addition, the Group has disposed of property, plant and equipment with carrying amount of approximately HK\$0.2 million (six months ended 30 September 2012: HK\$0.4 million).

10 INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 April 2013	386,595
Disposals	(6,568)
At 30 September 2013	380,027

11 OTHER INVESTMENT

Other investment represents the amount advanced to an investee for one of the Group's property development projects.

12 DEBTORS, DEPOSITS AND PREPAYMENTS

Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are settled within one month. The ageing analysis of debtors of HK\$840,088,000 (at 31 March 2013: HK\$425,764,000), which are included in the Group's debtors, deposits and prepayments, is as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000 (restated)
Not yet due	742,314	377,015
Amounts past due but not impaired:		
1–30 days	78,964	45,514
31–90 days	11,694	2,068
91–180 days	4,864	386
Over 180 days	2,252	781
	840,088	425,764

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13 AMOUNTS DUE FROM (TO) JOINT OPERATIONS / OTHER PARTNERS OF JOINT OPERATIONS

Amount represents balances due from and to joint operations, which are deemed to be borne by other partners of such joint operations, amounting to HK\$110,596,000 (at 31 March 2013: HK\$77,685,000) and HK\$57,234,000 (at 31 March 2013: HK\$18,946,000) respectively, and balances due from and to other partners of joint operations amounting to HK\$65,868,000 (at 31 March 2013: HK\$47,362,000) and HK\$82,354,000 (at 31 March 2013: HK\$55,244,000) respectively.

14 CREDITORS, DEPOSITS AND ACCRUED CHARGES

The ageing analysis of trade payables of HK\$714,322,000 (at 31 March 2013: HK\$581,284,000), which are included in the Group's creditors, deposits and accrued charges, is as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000 (restated)
Not yet due	431,651	389,710
1–30 days	170,028	112,817
31–90 days	75,310	58,647
91–180 days	24,140	10,567
Over 180 days	13,193	9,543
	714,322	581,284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15 BORROWINGS

	30 September 2013 HK\$'000	31 March 2013 HK\$'000 (restated)
Borrowings comprise:		
Trust receipt loans	436,150	318,953
Bank loans	1,887,518	1,587,845
Mortgage loans	–	15,474
	2,323,668	1,922,272
Analysed as:		
Secured	1,521,258	1,217,212
Unsecured	802,410	705,060
	2,323,668	1,922,272
Carring amount repayable (<i>Note</i>) More than two years, but not more than five years	201,284	191,784
Carring amount of bank loans that contain a repayment on demand clause		
– repayable within one year	2,082,487	1,636,201
– repayable after one year (shown under current liabilities)	39,897	94,287
	2,122,384	1,730,488
	2,323,668	1,922,272
Amounts repayable within one year shown under current liabilities	(2,122,384)	(1,730,488)
Amounts due after one year	201,284	191,784

Note: The amounts due are based on scheduled repayment dates set out in the respective loan agreements, which do not contain a repayment on demand clause.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 BORROWINGS (Continued)

All of the Group's borrowings are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rates plus certain basis points or benchmark interest rate from the People's Bank of China with certain percentage mark-up and subject to cash flow interest rate risk.

16 SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2013 and 30 September 2013	1,500,000,000	150,000
Issued and fully paid:		
At 1 April 2013	987,765,285	98,777
Exercise of warrants and share options	89,833,691	8,983
At 30 September 2013	1,077,598,976	107,760

17 CAPITAL COMMITMENTS

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	9,590	9,811

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 CONTINGENT LIABILITIES AND PERFORMANCE GUARANTEE

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
– subsidiaries	284,070	402,339
– joint operations	82,092	45,178
	366,162	447,517
Extent of guarantee issued to financial institutions to secure credit facilities granted to:		
– an associate	23,200	32,000
– joint operations	509,000	439,000
	532,200	471,000
Guarantee provided for property development projects to banks which granted facilities to purchasers of the Group's properties held for sale	287,555	294,065

19 PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged by the Group to secure the banking facilities granted to the Group:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Investment properties	370,000	370,000
Property, plant and equipment	42,110	46,437
Properties under development for sale	444,592	421,542
Bank deposits	481,526	295,015
	1,338,228	1,132,994

In addition, the Group has pledged its entire equity interest in one of its wholly-owned subsidiaries to secure the banking facilities granted to the Group as at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20 RELATED PARTY TRANSACTIONS

- (i) During the period, the Group had the following transactions with related parties:

	Related company <i>(Note)</i>	
	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Transactions during the period:		
Interest expense	5,438	5,438

	Associates	
	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Extent of guarantee issued to financial institutions to secure credit facilities granted	23,200	32,000

- (ii) The emoluments of directors, the Group's key management personnel during the period were HK\$4,895,000 (six months ended 30 September 2012: HK\$4,951,000).

Note: On 23 November 2011, the Company entered into a subscription agreement with a related company, Talent Effort Limited ("Talent Effort"), a company indirectly beneficially owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic, both being executive directors of the Company and the substantial shareholders of the ultimate holding company, in relation to the issue of unsecured bonds in the principal amount of HK\$150 million by the Company to Talent Effort. The bonds were issued to Talent Effort on 23 November 2011, which will be matured on 22 November 2014 at par with interest of 7.25% per annum payable semi-annually in arrear.

OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the “Board” or the “Directors”) has resolved not to declare an interim dividend for the six months ended 30 September 2013 (2012: Nil).

SHARE OPTION SCHEMES

- (i) The Company had adopted a share option scheme on 28 August 2002 (the “Old Scheme”) to enable the Directors to grant options to eligible participants, including executive directors, of the Company and its subsidiaries to subscribe for shares in the Company. The Old Scheme was expired on 27 August 2012 but would in all other respects remain in force to the extent necessary to give effect to the exercise of the outstanding share options granted under it prior to its expiry which outstanding share options will continue to be valid and exercisable in accordance with the terms of the Old Scheme.

Details of the movements in share options granted under the Old Scheme during the period under review are as follows:

Eligible participants	Date of grant	Exercise price per option HK\$	Exercisable period	Number of share options		
				Outstanding at 1/4/2013	Exercised during the period	Outstanding at 30/9/2013
Directors						
Madam Li Wai Hang, Christina	2/4/2007	1.01	10/4/2007 to 1/4/2017	747,000	-	747,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	285,000	-	285,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	285,000	-	285,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	380,000	-	380,000
Mr. Pang Yat Ting, Dominic	15/1/2010	0.65	15/1/2011 to 14/1/2014	510,000	-	510,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	510,000	-	510,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	680,000	-	680,000
Mr. Pang Yat Bond, Derrick	13/8/2004	0.904	21/8/2004 to 12/8/2014	6,326,000	-	6,326,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	480,000	-	480,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	480,000	-	480,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	640,000	-	640,000
Mr. Kwok Yuk Chiu, Clement	13/8/2004	0.904	21/8/2004 to 12/8/2014	3,326,000	-	3,326,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	810,000	-	810,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	810,000	-	810,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	1,080,000	-	1,080,000
Mr. Au Son Yiu	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	120,000	-	120,000

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEMES *(Continued)*

(i) *(Continued)*

Eligible participants	Date of grant	Exercise price per option HK\$	Exercisable period	Number of share options		
				Outstanding at 1/4/2013	Exercised during the period	Outstanding at 30/9/2013
Mr. Chan Chiu Ying, Alec	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	120,000	-	120,000
Mr. Hui Chiu Chung, Stephen	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	120,000	-	120,000
Mr. Lee Shing See	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2012 to 14/1/2014	90,000	-	90,000
	15/1/2010	0.65	15/1/2013 to 14/1/2014	120,000	-	120,000
Employees	17/1/2012	0.41	17/1/2012 to 16/1/2014	7,461,600	(646,800)	6,814,800
	17/1/2012	0.41	17/1/2013 to 16/1/2014	4,974,400	(431,200)	4,543,200
Consultants	15/1/2010	0.65	15/1/2011 to 14/1/2014	113,400	-	113,400
	15/1/2010	0.65	15/1/2012 to 14/1/2014	113,400	-	113,400
	15/1/2010	0.65	15/1/2013 to 14/1/2014	151,200	-	151,200
	17/1/2012	0.41	17/1/2013 to 16/1/2014	500,000	-	500,000
Others (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	1,464,000	-	1,464,000
	2/4/2007	1.01	10/4/2007 to 1/4/2017	747,000	-	747,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	834,600	-	834,600
	15/1/2010	0.65	15/1/2012 to 14/1/2014	834,600	-	834,600
	15/1/2010	0.65	15/1/2013 to 14/1/2014	1,112,800	-	1,112,800
				36,856,000	(1,078,000)	35,778,000

Notes:

1. These outstanding share options were held by a former independent non-executive director and a deceased director. The Board has approved that these outstanding share options can be exercised on or before 14 January 2014, 12 August 2014 and 1 April 2017 respectively.
2. All options referred to in the above tables are not subject to any vesting period save as the options granted on 15 January 2010 and 17 January 2012, the vesting dates are 15 January 2011, 15 January 2012, 15 January 2013 and 17 January 2013 respectively.
3. No share options were cancelled under the Old Scheme during the period under review.

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEMES *(Continued)*

- (ii) The Company has adopted a new share option scheme on 3 September 2012 (the “New Scheme”) to provide the Directors and employees of, and technical, financial or corporate managerial advisers and consultants to the Company and its subsidiaries with the opportunity to acquire proprietary interests in the Company. The New Scheme is valid and effective for a period of 10 years commencing on the adoption date, i.e. 3 September 2012.

Details of the movements in share options granted under the New Scheme during the period under review are as follows:

Eligible participants	Date of grant	Exercise price per option HK\$	Exercisable period	Number of share options
				Outstanding at 1/4/2013 and 30/9/2013
Employees	20/2/2013	0.66	20/2/2014 to 19/2/2017	2,133,600
	20/2/2013	0.66	20/2/2015 to 19/2/2017	2,133,600
	20/2/2013	0.66	20/2/2016 to 19/2/2017	2,844,800
				<hr/> 7,112,000 <hr/>

Note:

No share options were granted or cancelled under the New Scheme during the period under review.

Save as disclosed above at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the period under review.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 September 2013, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of 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 under 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 the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 (the “Model Code”) to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

(i) Interests of the Directors in the ordinary shares of the Company (Long Position)

Directors	Number of ordinary shares				% of the Company's issued share capital
	Personal Interests	Family Interests	Corporate Interests	Total Interests	
Madam Li Wai Hang, Christina	10,148,875	–	610,042,884 <i>(Note 1)</i>	620,191,759	57.55%
Mr. Pang Yat Ting, Dominic	5,680,000	–	610,042,884 <i>(Note 1)</i>	615,722,884	57.14%
Mr. Pang Yat Bond, Derrick	1,000,000	–	–	1,000,000	0.09%
Mr. Kwok Yuk Chiu, Clement	3,650,000	860,000 <i>(Note 2)</i>	–	4,510,000	0.42%
Mr. Au Son Yiu	501,816	–	–	501,816	0.05%

Notes:

1. GT Winners Limited is 45% owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic respectively and they are deemed to have interest in the ordinary shares of the Company held by GT Winners Limited.
2. These shares are beneficially owned by the spouse of Mr. Kwok Yuk Chiu, Clement.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

(Continued)

(ii) Interests of the Directors in the underlying shares of the Company (Long Positions)

Directors	Number of underlying shares			% of the Company's issued share capital
	Personal Interests <i>(Note 1)</i>	Family Interests <i>(Note 2)</i>	Total Interests	
Madam Li Wai Hang, Christina	1,697,000	4,261,000	5,958,000	0.55%
Mr. Pang Yat Ting, Dominic	1,700,000	–	1,700,000	0.16%
Mr. Pang Yat Bond, Derrick	7,926,000	–	7,926,000	0.74%
Mr. Kwok Yuk Chiu, Clement	6,026,000	–	6,026,000	0.56%
Mr. Au Son Yiu	300,000	–	300,000	0.03%
Mr. Chan Chiu Ying, Alec	300,000	–	300,000	0.03%
Mr. Hui Chiu Chung, Stephen	300,000	–	300,000	0.03%
Mr. Lee Shing See	300,000	–	300,000	0.03%

Notes:

1. These represent the interests in share options granted by the Company, details of which are stated under the heading "Share Option Schemes" above.
2. Madam Li Wai Hang, Christina is deemed to have interest in the share options of the Company held by her spouse, the late Dr. Pang Kam Chun.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

(Continued)

In addition, Madam Li Wai Hang, Christina hold directly and indirectly 8,437,500 non-voting deferred shares totally in Chun Wo Construction and Engineering Company Limited, which are subject to an option granted to Chun Wo Hong Kong Limited, a direct wholly-owned subsidiary of the Company, to purchase the said non-voting deferred shares.

Save as disclosed above and other than certain nominee shares in the subsidiaries held by Directors in trust for the Group, as at 30 September 2013, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, the following shareholder (other than Directors or chief executive of the Company) was recorded in the register kept by the Company under Section 336 of the SFO as being interested or deemed to have interest in 5% or more of the issued share capital of the Company:

Shareholder	Capacity	Number of ordinary shares held	% of the Company's issued share capital
GT Winners Limited	Beneficial Owner	610,042,884	56.61%

Note:

GT Winners Limited is 45% owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic respectively and they are deemed to have interest in the ordinary shares of the Company held by GT Winners Limited.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS *(Continued)*

Save as disclosed above, as at 30 September 2013, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interest in 5% or more of the issued share capital of the Company or short position in shares or underlying shares of the Company.

EXPIRY OF BONUS WARRANTS

In September 2010, the Company had issued the bonus warrants (Warrant Code: 1032) (the "Warrants") to the qualifying shareholders of the Company to subscribe in cash for new shares of HK\$0.10 each in the share capital of the Company at a subscription price of HK\$0.5 per share for the 3-year period from 13 September 2010 to 12 September 2013. The subscription rights attaching to the Warrants (the "Subscription Rights") were expired on 12 September 2013 and thereafter any Subscription Rights which had not been exercised were lapsed and the Warrants certificates were ceased be valid for any purpose.

In addition, the listing of the Warrants on the Stock Exchange had been withdrawn with effect from the close of business on 12 September 2013.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the publication of the 2012/13 Annual Report of the Company are set out below:

- Mr. Hui Chiu Chung, Stephen was appointed as an adviser to the expert group on Hong Kong and Macau legal issues for the Hengqin New Area with effect from 14 May 2013
- Mr. Lee Shing See was appointed as the Vice Chairman of the CreateSmart Initiative Vetting Committee with effect from 1 August 2013 and ceased to be a member of Environmental Impact Assessment Appeal Board Panel with effect from 1 April 2013

Save as the information disclosed above, there is no change of information of each Director that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

OTHER INFORMATION *(Continued)*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules throughout the period under review except for the deviations from the code provision A.4.2 of the Code. Pursuant to code provision A.4.2 of the Code, every Director should be subject to retirement by rotation at least once every three years. The Board considers that the Chairman and the Managing Director of the Company are not subject to retirement by rotation in order to maintain the stability and continuity.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, after a specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the “Audit Committee”) comprises three members, namely Mr. Chan Chiu Ying, Alec (Chairman of the Audit Committee), Mr. Au Son Yiu and Mr. Hui Chiu Chung, Stephen, all are independent non-executive directors of the Company. The Audit Committee has reviewed and given its consent to the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2013.

CHAIRMAN’S APPRECIATION

On behalf of the Group, I would like to extend my appreciation to the Board and the entire workforce for their commitment, diligence and perseverance during the period under review. I wish to also express my gratitude to our business partners and shareholders for their staunch support. Moving forward, we will seek to fully utilise our competitive advantages to build on past achievements, achieve further growth, and deliver greater returns to our shareholders.

By order of the Board
Pang Yat Ting, Dominic
Chairman

Hong Kong, 27 November 2013