



華 廈 置 業 有 限 公 司

WAH HA REALTY COMPANY LIMITED

(Stock Code: 278)

INTERIM REPORT

for the six months ended 30th September 2013

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Directors

Mr. John Ho

Mr. Ng Kwok Tung

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith

Mr. Chan Woon Kong

Mr. Soo Hung Leung, Lincoln

AUDIT COMMITTEE

Mr. Lam Hon Keung, Keith (*Chairman*)

Mr. John Ho

Mr. Ng Kwok Tung

Mr. Chan Woon Kong

Mr. Soo Hung Leung, Lincoln

REMUNERATION COMMITTEE

Mr. Soo Hung Leung, Lincoln (*Chairman*)

Mr. Lam Hon Keung, Keith

Mr. John Ho

Mr. Ng Kwok Tung

Mr. Chan Woon Kong

NOMINATION COMMITTEE

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Lam Hon Keung, Keith

Mr. Chan Woon Kong

Mr. Soo Hung Leung, Lincoln

COMPANY SECRETARY

Mr. Chu Wing Man, Raymond

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee

Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRARS

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STOCK CODES

The Stock Exchange of Hong Kong Limited

278

Reuters

0278.HK

WEBSITE

<http://www.wahha.com>

The Board of Directors of Wah Ha Realty Company Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") and its associated companies for the six months ended 30th September 2013, with comparative figures of the previous period, are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2013

		Six months ended	
		30th September	
	<i>Note</i>	2013	2012
		HK\$	HK\$
Revenues	5	13,141,113	6,009,718
Changes in fair value of investment properties		–	1,300,000
Net fair value gains on financial assets at fair value through profit or loss		94,502	331,164
Other gains/(losses), net	6	883,460	(1,162)
Direct outgoings in relation to properties that generate income		(180,986)	(257,500)
Cost of sales of completed properties		(910,010)	–
Staff costs		(2,768,666)	(2,607,927)
Other operating expenses		(739,305)	(701,052)
		<hr/>	<hr/>
Operating profit		9,520,108	4,073,241
Share of profits less losses of associated companies (including share of fair value gain on investment properties of HK\$16,250,000 (2012: HK\$48,500,000))		30,759,699	59,666,419
		<hr/>	<hr/>
Profit before income tax		40,279,807	63,739,660
Income tax (expense)/credit	7	(1,046,567)	78,689
		<hr/>	<hr/>
Profit and total comprehensive income attributable to equity holders of the Company		39,233,240	63,818,349
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (Basic and diluted)	8	0.32	0.53
		<hr/> <hr/>	<hr/> <hr/>
Dividends	9	13,305,600	13,305,600
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th September 2013

	30th September 2013	31st March 2013
<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS		
Non-current assets		
Investment properties	68,000,000	68,000,000
Investments in associated companies	691,962,315	678,561,246
Amounts due from associated companies	7,090,179	9,636,681
Available-for-sale financial assets	250,448	250,448
Deferred income tax assets	507,370	317,546
	767,810,312	756,765,921
Current assets		
Completed properties held for sale	5,657,489	6,497,015
Amounts due from associated companies	40,735,696	43,660,016
Trade and other receivables	1,402,783	1,250,398
Tax recoverable	1,577,039	1,598,374
Financial assets at fair value through profit or loss	3,032,995	2,938,493
Cash and bank balances	357,427,324	357,110,402
	409,833,326	413,054,698
Total assets	1,177,643,638	1,169,820,619

		30th September 2013	31st March 2013
	<i>Note</i>	HK\$	<i>HK\$</i>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	78,624,000	78,624,000
Retained profits	13		
– Interim dividend		13,305,600	–
– Proposed dividends		–	29,030,400
– Others		1,071,825,519	1,045,897,879
		1,085,131,119	1,074,928,279
Total equity		1,163,755,119	1,153,552,279
LIABILITIES			
Current liabilities			
Amounts due to associated companies		9,292,373	13,011,614
Trade and other payables	14	3,379,509	3,218,595
Tax payable		1,216,637	38,131
Total liabilities		13,888,519	16,268,340
Total equity and liabilities		1,177,643,638	1,169,820,619
Net current assets		395,944,807	396,786,358
Total assets less current liabilities		1,163,755,119	1,153,552,279

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th September 2013

	Six months ended	
	30th September	
	2013	2012
	HK\$	<i>HK\$</i>
Total equity at beginning of the period	1,153,552,279	1,083,875,971
Profit and total comprehensive income for the period	39,233,240	63,818,349
Transaction with equity holders Dividends	<u>(29,030,400)</u>	<u>(30,240,000)</u>
Total equity at end of the period	<u>1,163,755,119</u>	<u>1,117,454,320</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2013

	Six months ended	
	30th September	
	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Net cash generated from operating activities	10,237,111	2,322,865
Net cash generated from investing activities	19,110,211	292,269,954
Net cash used in financing activities	(29,030,400)	(30,240,000)
Net increase in cash and cash equivalents	316,922	264,352,819
Cash and cash equivalents at beginning of the period	357,110,402	82,887,349
Cash and cash equivalents at end of the period	357,427,324	347,240,168

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Group and its associated companies are investment holding and property development, investment and management in Hong Kong.

The unaudited condensed consolidated interim financial information ("interim financial information") are presented in Hong Kong dollars (HK\$), unless otherwise stated. The interim financial information has been approved for issue by the Board of Directors on Thursday, 28th November 2013.

2. BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2013 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation applied in the preparation of the interim financial information are consistent with those applied in the annual financial statements for the year ended 31st March 2013, except as stated below.

(a) *The adoption of revised standards and amendments to existing standards*

The Group adopted the revised standards and amendments to existing standards below, which are relevant to its operations.

HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 Amendment	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Fourth annual improvement project (2011)	Improvements for HKFRS published in June 2012

The Group has assessed the impact of the adoption of these revised standards and amendments and considered that there were no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial information, except for additional disclosures as required by HKAS 1 Amendment "Presentation of Items of Other Comprehensive Income" and HKFRS 13 "Fair Value Measurement".

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)**2. BASIS OF PREPARATION** (Continued)*(b) Standards and amendments to existing standards and interpretations that are relevant but not yet effective*

New or revised standards		Effective for accounting periods beginning on or after
HKAS 32 Amendment	Presentation – Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets	1st January 2014
HKFRS 10, 12 and 27 Amendments	Investment Entities	1st January 2014
HK (IFRIC) – Int 21	Levies	1st January 2014
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 7 and 9 Amendments	Mandatory Effective Date and Transition of Disclosures	1st January 2015

The Group is in the process of making an assessment of the impact of these new or revised standards and amendments upon initial application and is not yet in a position to state whether these new or revised standards and amendments have any significant impact on the Group's result of operations and financial position.

3. FINANCIAL RISK MANAGEMENT

All aspects of the financial risk management objectives and policies of the Group are consistent with those disclosed in the annual financial statements for the year ended 31st March 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2013.

5. REVENUES AND SEGMENTAL INFORMATION

The principal activities of the Group include those relating to investment holding, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and investments.

Segment assets consist of investment properties, available-for-sale financial assets, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable and unpaid dividend.

Revenues represent turnover recognised during the period and comprise the following:

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Rental income	2,350,403	2,151,633
Sales of completed properties held for sale	7,666,150	–
Management fee income	648,235	645,314
Bank interest income	2,254,232	2,850,730
Dividend income – Listed investments	33,793	30,241
Construction supervision fee income	188,300	331,800
	13,141,113	6,009,718

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

5. REVENUES AND SEGMENTAL INFORMATION (Continued)

The segment results for the six months ended 30th September 2013 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Revenues	<u>10,853,088</u>	<u>2,288,025</u>	<u>13,141,113</u>
Segment results	<u>8,917,022</u>	<u>3,265,841</u>	12,182,863
Unallocated costs			<u>(2,662,755)</u>
Operating profit			9,520,108
Share of profits less losses of associated companies	30,759,699	-	<u>30,759,699</u>
Profit before income tax			40,279,807
Income tax expense			<u>(1,046,567)</u>
Profit attributable to the equity holders of the Company			<u>39,233,240</u>
Changes in fair value of investment properties	-	-	<u>-</u>

The segment assets and liabilities at 30th September 2013 are as follows:

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Segment assets	122,446,652	361,150,262	483,596,914
Associated companies	691,962,315	-	691,962,315
Unallocated assets			<u>2,084,409</u>
Total assets			<u>1,177,643,638</u>
Segment liabilities	11,971,466	-	11,971,466
Unallocated liabilities			<u>1,917,053</u>
Total liabilities			<u>13,888,519</u>

The segment results for the six months ended 30th September 2012 are as follows:

	Property development, investment and management <i>HK\$</i>	Investments <i>HK\$</i>	Total <i>HK\$</i>
Revenues	<u>3,128,747</u>	<u>2,880,971</u>	<u>6,009,718</u>
Segment results	<u>3,360,077</u>	<u>3,210,974</u>	6,571,051
Unallocated costs			(2,497,810)
Operating profit			4,073,241
Share of profits less losses of associated companies	59,666,419	–	<u>59,666,419</u>
Profit before income tax			63,739,660
Income tax credit			<u>78,689</u>
Profit attributable to the equity holders of the Company			<u>63,818,349</u>
Changes in fair value of investment properties	1,300,000	–	<u>1,300,000</u>

The segment assets and liabilities at 31st March 2013 are as follows:

	Property development, investment and management <i>HK\$</i>	Investments <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	128,813,694	360,529,759	489,343,453
Associated companies	678,561,246	–	678,561,246
Unallocated assets			<u>1,915,920</u>
Total assets			<u>1,169,820,619</u>
Segment liabilities	15,604,351	–	15,604,351
Unallocated liabilities			<u>663,989</u>
Total liabilities			<u>16,268,340</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

6. OTHER GAINS/(LOSSES), NET

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Net exchange gains/(losses)	883,314	(1,162)
Sundries	146	–
	883,460	(1,162)

7. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the Group's estimated assessable profit for the period.

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Hong Kong profits tax		
Provision for the period	(1,236,391)	(111,142)
Deferred income tax credit	189,824	189,831
	(1,046,567)	78,689

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$39,233,240 (2012: HK\$63,818,349) and on 120,960,000 shares (2012: 120,960,000 shares) in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

9. DIVIDENDS

	Six months ended 30th September	
	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Interim dividend declared of HK11 cents (2012: HK11 cents) per share	<u>13,305,600</u>	<u>13,305,600</u>

The Board of Directors has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30th September 2013 (2012: HK11 cents) payable on Wednesday, 8th January 2014 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 31st December 2013.

10. TRADE AND OTHER RECEIVABLES

	30th September 2013 <i>HK\$</i>	31st March 2013 <i>HK\$</i>
Trade receivables		
Within 3 months	286,702	555,220
Other receivables	1,005,370	488,110
Prepayments and utility deposits	<u>110,711</u>	<u>207,068</u>
	<u>1,402,783</u>	<u>1,250,398</u>

Trade receivables represent rental and management fee receivables. Rental receivable is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). Management fee receivable is normally due for payment upon presentation of debit note at the end of each month.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2013 HK\$	31st March 2013 HK\$
Listed shares – Overseas	<u>3,032,995</u>	<u>2,938,493</u>

12. SHARE CAPITAL

	30th September 2013 HK\$	31st March 2013 HK\$
<i>Authorised:</i>		
150,000,000 ordinary shares of HK\$0.65 each	<u>97,500,000</u>	<u>97,500,000</u>
<i>Issued and fully paid:</i>		
120,960,000 ordinary shares of HK\$0.65 each	<u>78,624,000</u>	<u>78,624,000</u>

13. RETAINED PROFITS

	<i>HK\$</i>
At 31st March 2012	1,005,251,971
Profit for the period	63,818,349
Dividends	<u>(30,240,000)</u>
At 30th September 2012	1,038,830,320
Profit for the period	49,403,559
Dividends	<u>(13,305,600)</u>
At 31st March 2013	1,074,928,279
Profit for the period	39,233,240
Dividends	<u>(29,030,400)</u>
At 30th September 2013	<u>1,085,131,119</u>

14. TRADE AND OTHER PAYABLES

	30th September	31st March
	2013	2013
	HK\$	HK\$
Trade payables		
Within 3 months	1,040	111
Other payables	1,369,097	1,296,067
Rental and utility deposits received	919,519	950,654
Accrued expenses	1,089,853	682,523
Deposit received	–	289,240
	<u>3,379,509</u>	<u>3,218,595</u>

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

An analysis of the Group's financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3, is as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – value inputs, other than quoted prices, that are observable either directly or indirectly
- Level 3 – value inputs that are not based on observable market data

At 30 September 2013, the Group's asset measured at fair value is financial assets at fair value through profit or loss, of which HK\$3,032,995 (31 March 2013: HK\$2,938,493) represents Level 1 instruments.

At the period end date, the net book value of the Group's other financial assets and financial liabilities approximated their fair values.

Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of the financial instruments and change of such assumptions and estimates to reasonably possible alternatives would not have material effect on the Group's results for the period and financial position at the period end date.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)**16. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The following is a summary of significant related party transactions carried out in the normal course of the Group's business during the period:

	Six months ended	
	30th September	
	2013	2012
	HK\$	HK\$
Related company		
Management fee income	<u><u>75,000</u></u>	<u><u>75,000</u></u>
Key management compensation		
Directors' emoluments	<u><u>570,000</u></u>	<u><u>570,000</u></u>

The Group provided estate agency services to a related company at a fixed annual fee.

The Group is provided with office space and office furniture and fixtures by a related company.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK11 cents per share for the six months ended 30th September 2013 (2012: HK11 cents) payable on Wednesday, 8th January 2014 to equity holders whose names appear on the Register of Members of the Company on Tuesday, 31st December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and Register of Members of the Company will be closed from Monday, 23rd December 2013 to Tuesday, 31st December 2013, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Hongkong Managers and Secretaries Limited at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong not later than 4:00 p.m. on Friday, 20th December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the period under review, the Group's unaudited profit attributable to equity holders of the Company amounted to HK\$39.2 million, representing a decrease of about 38.5% from the corresponding period in 2012. Amongst these, HK\$8.4 million came from the Group and HK\$30.8 million was the contribution from the Group's associated companies. The decrease was mainly attributable to the significant reduction in fair value gains from the Group's and its associated companies' investment properties for HK\$33.6 million. Also interest income for the period was HK\$0.6 million lower than that of the corresponding period last year. This unfavourable result was however mitigated by the inclusions of the after-tax profit from sales of the Group's and its associated companies' properties of HK\$8.8 million. Further, the recent appreciation in the exchange rate of RMB/HK\$ resulted in a greater exchange gains of HK\$0.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

Property Development, Investment and Management

During the period under review, the Group and its associated companies had recorded several disposals of properties. First, the Group had disposed of a unit in Fanling and its interest in four units in Tuen Mun. The after-tax profits ascribed to these disposals were HK\$3.0 million and HK\$2.7 million respectively. Second, an associated company had disposed of three units in Fanling and the Group's share of after-tax profit was HK\$3.1 million.

Even though there was no rental income from the units sold as aforesaid and in last year, our Rental Business still performed well. It benefited from the general increase in rental rate for new and/or renewed tenancies. The aggregate after-tax profit was greater than that of last year by HK\$0.5 million.

Apart from the aforesaid, the Group did not acquire or dispose of any property during the period under review and up to the date of this report.

Investments

For the period under review, the after-tax profit from the Group's investment portfolio was HK\$0.2 million lower than that of the corresponding period in 2012. Moreover, the stabilization of deposit rates had the effect of limiting the interest income of the Group. A reduction of interest income for HK\$0.6 million was reported. On the other hand, the recent appreciation in exchange rate of RMB/HK\$ had resulted in a better exchange gains of HK\$0.9 million.

Prospects

For the period under review, the local economy was relatively stable. Gentle growths of 4% and 4.2% were observed in the 2nd Quarter GDP and private consumption expenditure respectively. Inflation for the month of September 2013 was 4.6%. Seasonally adjusted unemployment rate was 3.3% for the latest quarter.

Globally, the moderate recovery of the economy of the United States had triggered the Federal Reserve's intention of tapering the quantitative easing measures. This led to the turbulence of the worldwide finance markets. Although the effect diminished following the hesitation signal of the Federal Reserve, the global finance markets are cautious of the possible though not immediate winding up of the quantitative easing measures. In Europe, reduction in interest rate was just announced possibly as pre-cautionary measures against deflation. Again, this is a signal of uncertain economy.

The economy of Mainland China seems to have slowed down and Hong Kong will be negatively affected. It seems that greater intervention of the property markets will be the policy of the Hong Kong Government. This is evidenced by the introduction of various stamp duties aiming to suppress the housing demand and the implementation of Residential Properties (First-hand Sales) Ordinance. This may result in a more instable property market. On the other hand, the local economy is supported by the relatively strong domestic consumptions and tourists spending.

We have seen the problems posed by the uncertainties of the global economy and therefore adequate financial resources should be maintained to face the challenges ahead so as to secure sustainable return to our shareholders.

Employment and Remuneration Policies

As at 30th September 2013, the Group had less than twenty employees and their remuneration is maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$2.8 million (2012: HK\$2.6 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

Liquidity and Financial Resources

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and cash equivalents amounted to HK\$357.4 million at 30th September 2013. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2013, the interests and short positions of the Directors and Chief Executives 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")) which were 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 interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	—	15,150,160 <i>(Note 1)</i>	—	15,150,160	12.52
Cheung Lin Wee	14,180,800	—	238,000 <i>(Note 2)</i>	14,418,800	11.92
Cheung Ying Wai, Eric	14,090,800	—	—	14,090,800	11.65

Notes:

- (1) These shares were held by Biochoice Limited ("Biochoice") (in which Mr. Cheung Kee Wee ("CKW") and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited ("Humphrey"). Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) The 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee ("CLW").

Save as disclosed above, as at 30th September 2013, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 30th September 2013, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong	32,162,800 <i>(Note 1)</i>	26.59
Kung So Ha, Anne	15,150,160 <i>(Note 2)</i>	12.52
Biochoice Limited	15,150,160 <i>(Note 3)</i>	12.52
Humphrey Group Limited	15,150,160 <i>(Note 3)</i>	12.52
Wu Suet Yi, Rita	14,418,800 <i>(Note 4)</i>	11.92
Hoh Kwok Hing, Corinne	14,090,800 <i>(Note 5)</i>	11.65
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 <i>(Note 6)</i>	9.34
Profit-taking Company Inc.	11,295,600 <i>(Note 6)</i>	9.34
Pullfield Company Limited	11,295,600 <i>(Note 6)</i>	9.34

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

(Continued)

Long Positions in Ordinary Shares of the Company (Continued)*Notes:*

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited ("Megabest") of which Madam Chin Lan Hong ("CLH") was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests.
- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO. These 15,150,160 shares related to the same block of shares as described in Note (3) below.
- (3) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in "Corporate Interests" of CKW under the heading of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures". These shares were held by Biochoice (in which CKW and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey, the registered owner of the said 15,150,160 shares.
- (4) Out of the 14,418,800 shares, 238,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,180,800 shares in which her spouse CLW was interested under the SFO.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of Mr. Cheung Ying Wai, Eric and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. ("Profit-taking") and Pullfield Company Limited ("Pullfield") respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company.

Save as disclosed above, as at 30th September 2013, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's issued shares during the period.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provision(s)") contained in Appendix 14 to the Listing Rules throughout the six months ended 30th September 2013, except for the following deviations:-

1. Under the Code Provision A.2.1, the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CEO in the Company. The roles of the CEO are performed by all the Executive Directors with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all Executive Directors with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.
2. Under the Code Provision A.4.1, Non-executive Directors should be appointed for a specific term and subject to re-election. All the five Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company ("AGM") in accordance with Article 103(A) of the Company's Articles of Association. There are eight Directors including five Non-executive Directors of the Company for the time being. As one-third of them shall retire from office by rotation at each AGM, each of them shall retire at least once every three years.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its Code of Conduct for dealing in securities of the Company by the Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30th September 2013.

AUDIT COMMITTEE

The Audit Committee consists of the three Independent Non-executive Directors, namely Messrs Lam Hon Keung, Keith (Chairman), Chan Woon Kong and Soo Hung Leung, Lincoln and the two Non-executive Directors, namely Messrs John Ho and Ng Kwok Tung. The Group's interim results for the six months ended 30th September 2013 have been reviewed by the Audit Committee of the Company and by the Company's Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has no reservation on the accounting treatments adopted by the Group.

By Order of the Board

Raymond W M Chu

Company Secretary

Hong Kong, 28th November 2013