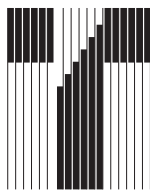


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The Board of Directors of Tern Properties Company Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013, together with the comparative figures for the corresponding period in the previous year are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Notes	Six months ended	
		2013	2012
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	5	41,913	37,639
Property expenses		(855)	(824)
Gross profit		41,058	36,815
Realised loss on disposal of loans and receivables		–	(360)
Realised loss on disposal of financial assets held for trading		(338)	(90)
Unrealised (loss) gain on financial assets held for trading		(3,945)	10,130
Dividend income		310	310
Interest income		6,273	6,865
Other operating income		117	310
Administrative expenses		(11,473)	(10,967)

		Six months ended	
		30 September	
	<i>Notes</i>	2013	2012
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit from operations	6	32,002	43,013
Finance costs		(1,386)	(2,404)
Share of results of associates	12	3,959	4,628
		<hr/>	<hr/>
Profit before taxation		34,575	45,237
Taxation	7	(4,827)	(4,106)
		<hr/>	<hr/>
Profit and total comprehensive income for the period and attributable to owners of the Company		29,748	41,131
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted	9	HK9.67 cents	HK13.36 cents
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	<i>Notes</i>	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Non-current assets			
Investment properties	<i>10</i>	2,932,604	2,932,664
Property, plant and equipment	<i>11</i>	13,260	13,284
Leasehold land		68,234	68,752
Interests in associates	<i>12</i>	350,837	350,233
Available-for-sale investments		2,161	2,161
Deferred rental income		759	660
		<hr/> 3,367,855 <hr/>	<hr/> 3,367,754 <hr/>
Current assets			
Trade and other receivables	<i>13</i>	7,722	7,132
Financial assets held for trading	<i>14</i>	126,918	124,163
Leasehold land – current portion		1,036	1,036
Deferred rental income – current portion		824	751
Tax recoverable		33	123
Bank balances and cash		21,055	38,446
		<hr/> 157,588 <hr/>	<hr/> 171,651 <hr/>
Current liabilities			
Trade and other payables	<i>15</i>	8,284	5,860
Rental deposits from tenants		26,272	26,631
Tax liabilities		6,035	2,106
Secured bank loans – due within one year	<i>16</i>	40,323	12,910
		<hr/> 80,914 <hr/>	<hr/> 47,507 <hr/>
Net current assets		<hr/> 76,674 <hr/>	<hr/> 124,144 <hr/>
Non-current liabilities			
Deferred tax liabilities		19,405	18,577
Secured bank loans – due after one year	<i>16</i>	117,329	184,503
		<hr/> 136,734 <hr/>	<hr/> 203,080 <hr/>
Net assets		<hr/> 3,307,795 <hr/>	<hr/> 3,288,818 <hr/>
Capital and reserves			
Share capital	<i>17</i>	153,879	153,879
Reserves		3,153,916	3,134,939
		<hr/> 3,307,795 <hr/>	<hr/> 3,288,818 <hr/>

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

(Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013	153,879	72,818	2,689	10,771	3,048,661	3,288,818
Total comprehensive income for the period	-	-	-	-	29,748	29,748
Dividends declared	-	-	-	6,771	(6,771)	-
Dividends paid	-	-	-	(10,771)	-	(10,771)
At 30 September 2013	153,879	72,818	2,689	6,771	3,071,638	3,307,795
At 1 April 2012	153,879	72,818	2,689	9,848	2,363,117	2,602,351
Total comprehensive income for the period	-	-	-	-	41,131	41,131
Dividends declared	-	-	-	6,155	(6,155)	-
Dividends paid	-	-	-	(9,848)	-	(9,848)
At 30 September 2012	153,879	72,818	2,689	6,155	2,398,093	2,633,634

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six month ended 30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	32,848	25,474
Net cash generated from investing activities	1,717	7,678
Net cash used in financing activities	(51,956)	(76,773)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(17,391)	(43,621)
Cash and cash equivalents at beginning of the period	38,446	61,863
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	21,055	18,242
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	21,055	18,242
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statement for the year ended 31 March 2013.

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.

HKAS 1(Amendments)	Presentation of Items of Other Comprehensive Income
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
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	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 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in these condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are specifically required for financial instruments in these condensed consolidated financial statements and are set out in note 23.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

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

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. According, no prior period adjustment has been required.

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

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

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

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

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) Investment Entities

The amendment to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interest in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective from annual periods beginning on or after 1 January 2014 with early application permitted. The directors anticipate that the application of the amendments may have an impact on amounts reported in the Group's condensed consolidated financial statements.

4. OPERATING SEGMENTS

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

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

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

Business information

For the six months ended 30 September 2013

	Property investment <i>HK\$'000</i> (Unaudited)	Treasury investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Turnover	41,913	–	41,913
Property expenses	(855)	–	(855)
Gross profit	41,058	–	41,058
Realised loss on disposal of financial assets held for trading	–	(338)	(338)
Unrealised loss on financial assets held for trading	–	(3,945)	(3,945)
Dividend income	–	310	310
Interest income	–	6,273	6,273
Other operating income	110	7	117
Administrative expenses	(11,443)	(30)	(11,473)
Profit from operations	29,725	2,277	32,002
Finance costs	(1,386)	–	(1,386)
Share of results of associates	3,959	–	3,959
Profit before taxation	32,298	2,277	34,575
Taxation	(4,827)	–	(4,827)
Profit for the period	<u>27,471</u>	<u>2,277</u>	<u>29,748</u>

At 30 September 2013

	Property investment HK\$'000 (Unaudited)	Treasury investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	3,386,753	138,690	3,525,443
Segment liabilities	(217,645)	(3)	(217,648)
Net assets	<u>3,169,108</u>	<u>138,687</u>	<u>3,307,795</u>

Other segment information:

Depreciation and amortisation	1,483	–	1,483
Addition to investment properties	–	–	–
Addition to property, plant and equipment	<u>941</u>	<u>–</u>	<u>941</u>

For the six months ended 30 September 2012

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

At 31 March 2013

	Property investment <i>HK\$'000</i> (Audited)	Treasury investment <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets	3,391,555	147,850	3,539,405
Segment liabilities	(250,584)	(3)	(250,587)
Net assets	<u>3,140,971</u>	<u>147,847</u>	<u>3,288,818</u>
Other segment information:			
Depreciation and amortisation	2,275	–	2,275
Addition to investment properties	24,638	–	24,638
Addition to property, plant and equipment	<u>8,254</u>	<u>–</u>	<u>8,254</u>

Geographical information

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

Information on major customers

Included in revenue arising from rental income of HK\$41.9 million (2012: HK\$37.6 million) were rental revenue of HK\$9.1 million (2012: HK\$8.6 million) which arose from the Group's largest tenant.

5. TURNOVER

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

6. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Profit from operations has been arrived at after charging:		
Auditor's remuneration	190	175
Depreciation	965	483
Amortisation on leasehold land	518	518
Exchange loss	56	–
Staff costs (including Directors' remuneration)	6,428	6,099
Mandatory provident fund contributions	<u>76</u>	<u>12</u>
Total staff costs	6,504	6,111
and after crediting:		
Exchange gain	–	53
Dividend income	310	310
Gross rental income from investment properties	41,913	37,639
Less:		
Direct operating expenses from investment properties that generated rental income	(570)	(514)
Direct operating expenses from investment properties that did not generate rental income	<u>(285)</u>	<u>(310)</u>
Net rental income	<u>41,058</u>	<u>36,815</u>

7. TAXATION

	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current period	4,007	3,161
Other jurisdiction		
(Over) under provision in previous periods	(8)	10
	3,999	3,171
Deferred tax expenses		
Current period	828	935
	4,827	4,106

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

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

8. DIVIDENDS

On 21 August 2013, the final dividend of HK3.5 cents per share were paid to the shareholders for the financial year ended 31 March 2013.

The Board of Directors has declared an interim dividend of HK2.2 cents (2012: HK2.0 cents) per share amounting to HK\$6,771,000 payable on 19 December 2013 to the shareholders whose names appear on the Register of Members on 12 December 2013.

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period of HK\$29,748,000 (2012: HK\$41,131,000) and on the weighted average number of 307,758,522 (2012: 307,758,522) ordinary shares in issue during the period.

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

10. INVESTMENT PROPERTIES

The investment properties of the Group were not revalued at 30 September 2013 by independent valuers. The directors were aware of the possible change in the conditions of the property market. The directors considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at the end of the reporting period. Consequently, no increase or decrease in fair value of investment properties has been recognised in the current period.

During the period, the Group neither acquired nor disposed any investment properties.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired furniture and office equipment and additions to leasehold improvements with an aggregate amount of approximately HK\$941,000 (2012: HK\$4,816,000).

12. INTEREST IN ASSOCIATES

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Unlisted shares, at cost	–	–
Share of net assets	347,340	343,381
Amounts due from an associate	3,497	6,852
	350,837	350,233

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

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Total assets	775,770	749,336
Total liabilities	(81,091)	(62,575)
Net assets	694,679	686,761
Share of net assets of associates	347,340	343,381

	Six months ended 30 September 2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	12,353	10,793
Profit and total comprehensive income for the period	7,918	9,257
Share of results of associates	3,959	4,628

13. TRADE AND OTHER RECEIVABLES

Included in the trade and other receivables was rental receivable of HK\$213,000 (31 March 2013: HK\$242,000) with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

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

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

14. FINANCIAL ASSETS HELD FOR TRADING

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Analysis of financial assets held for trading		
Listed overseas debt securities	118,552	115,453
Listed overseas equity securities	8,366	8,710
	126,918	124,163
Market value	126,918	124,163

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

15. TRADE AND OTHER PAYABLES

Included in trade and other payables was prepaid rental from tenants of HK\$3,177,000 (31 March 2013: HK\$1,807,000).

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

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

16. SECURED BANK LOANS

The secured bank loans are repayable as follows:

	30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Within one year	40,323	12,910
More than one year but not exceeding two years	65,357	67,841
More than two years but not exceeding five years	44,283	108,232
More than five years	7,689	8,430
	157,652	197,413
Less: Amounts due within one year	(40,323)	(12,910)
	117,329	184,503

99.6% of the bank loans are denominated in Hong Kong dollars with variable interest rate from 1.0% to 1.45% over HIBOR (31 March 2013: 1.0% to 1.95% over HIBOR) per annum.

The remaining bank loans are denominated in Canadian dollars with variable interest rate which is the Canadian prime rate plus 1.0% (31 March 2013: prime rate plus 1.0%) per annum.

17. SHARE CAPITAL

	30 September 2013		31 March 2013	
	Number of ordinary share of HK\$0.5 each '000 (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number of ordinary share of HK\$0.5 each '000 (Audited)	Nominal value HK\$'000 (Audited)
Authorised:	<u>400,000</u>	<u>200,000</u>	<u>400,000</u>	<u>200,000</u>
Issued and fully paid: At beginning and end of the period	<u>307,759</u>	<u>153,879</u>	<u>307,759</u>	<u>153,879</u>

There were no movements in the share capital of the Company for the six months ended 30 September 2013.

18. RELATED PARTY TRANSACTIONS

During the period, the Group received office rental income of HK\$180,000 (2012: HK\$180,000) from an associate of the Company, Win Easy Development Limited.

The directors of the Group considered that they were the key management personnel of the Group and their remunerations were HK\$5,484,000 (2012: HK\$5,240,000).

19. PLEDGE OF ASSETS

At the end of the reporting period, the Group's banking facilities amounted to HK\$373,248,000 (31 March 2013: HK\$373,248,000).

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

- i) Investment properties with an aggregate carrying value of HK\$940,804,000 (31 March 2013: HK\$940,864,000);
- ii) Leasehold land and buildings with an aggregate carrying value of HK\$73,448,000 (31 March 2013: HK\$74,130,000);
- iii) Financial assets held for trading with a carrying value of HK\$107,250,000 (31 March 2013: HK\$91,503,000);
- iv) Bank deposits of HK\$4,922,000 (31 March 2013: HK\$7,077,000).

At the end of the reporting period, the Group had utilised banking facilities with an amount of HK\$157,652,000 (31 March 2013: HK\$197,413,000)

20. CONTINGENT LIABILITIES

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

	THE GROUP		THE COMPANY	
	30 September 2013 <i>HK\$'000</i> (Unaudited)	31 March 2013 <i>HK\$'000</i> (Audited)	30 September 2013 <i>HK\$'000</i> (Unaudited)	31 March 2013 <i>HK\$'000</i> (Audited)
Subsidiaries	–	–	157,652	197,413
Associates	8,000	15,500	8,000	15,500
	<u>8,000</u>	<u>15,500</u>	<u>165,652</u>	<u>212,913</u>

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

21. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had no capital commitments (31 March 2013: Nil).

22. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The investment properties of the Group are expected to generate rental yields of approximately 3.0% (31 March 2013: 2.7%) on an ongoing basis. All of the properties held have committed tenants not exceeding three years.

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

	30 September 2013 <i>HK\$'000</i> (Unaudited)	31 March 2013 <i>HK\$'000</i> (Audited)
Within one year	79,589	75,931
In the second to fifth year inclusive	52,527	60,325
	<u>132,116</u>	<u>136,256</u>

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial assets held for trading are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 30 September 2013 <i>HK\$'000</i> (Unaudited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets held for trading					
– Debt securities	118,552	Level 1	Quoted market ask prices	N/A	N/A
– Equity securities	<u>8,366</u>	Level 1	in active markets	N/A	N/A
Total	<u><u>126,918</u></u>				

During the period, there was no transfer between Level 1 and Level 2 in the fair value hierarchy.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend for the six months ended 30 September 2013 of HK2.2 cents per share payable to shareholders of the Company whose names appear on the Register of Members of the Company on Thursday, 12 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 12 December 2013 to Monday, 16 December 2013, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 December 2013. Dividend warrants will be dispatched to shareholders on Thursday, 19 December 2013.

BUSINESS REVIEW AND PROSPECT

The Group's gross rental income for the six months ended 30 September 2013 amounted to HK\$41.9 million, an increase of 11.4% from the same period of last year. The Group's profit for the period amounted to HK\$29.7 million.

The Group's overall rental income continued to increase during the period. Several commercial shops have been leased to major brand name tenants at substantially increased rental rates. The other shops and office properties also achieved a higher rental upon the renewal of existing leases during the period. The Group's rental portfolio achieved an average occupancy rate of 98.5% during the period.

The Group continued to invest in debt securities and equity securities during the period. The investments generated interest income and dividend income amounting to HK\$6.6 million for the period.

The global economy is expected to grow modestly next year. While the United States are showing promising impetus of economic recovery, the worry of tapering off quantitative easing is causing turbulence in the financial markets and the emerging economies, thereby hindering investor and consumer confidence. Meanwhile financial stability is returning to the eurozone and will in turn benefit their economy ahead. On the other hand, the Mainland economy is striving to maintain its pace of growth amid the risk of substantial indebtedness borne by the municipal authorities. Therefore the global economy will continue to face substantial challenges next year despite signs of improvement. In turn the outlook of the local economy remains cautious.

The price of the local residential properties remains weak with diminished trading activities. The downward trend is expected to continue amid excessive restraint policies imposed by the government authority. In the commercial property market, the rental value of retail shops is turning downward in view of the contracted spending from the Mainland visitors. The magnitude of correction will depend on the undertaking of spending restraint measures in the Mainland. Meanwhile the rental value of office properties is expected to remain stable in view of the limited supply.

The Group's rental income will continue to increase at a steady pace in the second half of the year after the lease of several commercial shops at higher rental rates to major new tenants.

FINANCIAL OPERATION REVIEW

Operation

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

The Group's turnover, which represents gross rental income for the six months ended 30 September 2013 amounted to HK\$41.9 million (2012: HK\$37.6 million), an increase of 11.4% from the same period of last year. During the period, the shop on the upper ground floor of Ka Wing Building at 27 Granville Road and that on the ground floor of The Bodynits Building at 3 Cameron Road recorded an increase in rental income of over 28% while Shops no. G15 and G16 of Park Lane Shopper's Boulevard, Shop F in Burlington House at 90-94C Nathan Road and Tower II of Tern Centre recorded an increase in rental income of over 15%. The Group's commercial shop and office properties continued to record increase in rental rates for new leases or upon renewal of existing leases during the period. The Group's share of gross rental income from an associate amounted to HK\$6.2 million (2012: HK\$5.4 million), an increase of 14.5% from the same period of last year.

The Group's interest and dividend income for the six months ended 30 September 2013 amounted to HK\$6.6 million (2012: HK\$7.2 million), a decrease of 8.2% from the same period of last year. At 30 September 2013, the Group held debt and equity securities investments amounting to HK\$126.9 million (31 March 2013: HK\$124.2 million), an increase of 2.2% from the previous year-end.

Results

The Group's profit for the six months ended 30 September 2013 amounted to HK\$29.7 million (2012: HK\$41.1 million), a decrease of 27.7% from the same period of last year. The decrease was due to the unrealised loss on securities investments upon revaluation whereas an unrealised gain was recorded in the same period of last year, partially offset by higher rental income during the period. The Group's share of profit of associates after taxation amounted to HK\$4.0 million (2012: HK\$4.6 million), a decrease of 14.5% from the same period of last year. The decrease was due to the unrealised gain on securities investments upon revaluation recorded in the same period of last year partially offset by higher rental income during the period.

Earnings per share for the six months ended 30 September 2013 were HK9.67 cents (2012: HK13.36 cents). The declared interim dividend was HK2.2 cents (2012: HK2.0 cents) per share, an increase of HK0.2 cent from the same period of last year.

Liquidity, Bank Borrowings and Finance Costs

At 30 September 2013, the Group's net current assets including bank balances and cash of HK\$21.1 million amounted to HK\$76.7 million (31 March 2013: HK\$124.1 million). At 30 September 2013, the Group's banking facilities amounting to HK\$373.2 million (31 March 2013: HK\$373.2 million) were fully secured by its investment properties, leasehold land and buildings, financial assets held for trading and bank deposits with an aggregate carrying value amounting to HK\$1,126.4 million (31 March 2013: HK\$1,113.6 million). At 30 September 2013, these facilities were utilised to the extent of HK\$157.7 million (31 March 2013: HK\$197.4 million).

At 30 September 2013, the total amount of outstanding bank borrowings net of bank balances and cash were HK\$136.6 million (31 March 2013: HK\$159.0 million), a decrease of HK\$22.4 million from the previous year-end. The decrease in bank borrowings was due to the continued use of surplus cash for partial loan repayment during the period. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds was 4.1% (31 March 2013: 4.8%).

Of the total bank borrowings at 30 September 2013, HK\$40.3 million or 25.6% were repayable within one year, HK\$65.4 million or 41.4% were repayable after one year but within two years, HK\$44.3 million or 28.1% were repayable after two years but within five years and HK\$7.7 million or 4.9% were repayable after five years.

The Group's finance costs for the six months ended 30 September 2013 were HK\$1.4 million (2012: HK\$2.4 million), a decrease of 42.3% from the same period of last year. The decrease was due to lower level of bank borrowings during the period.

Shareholders' Funds

At 30 September 2013, the Group's shareholders' funds amounted to HK\$3,307.8 million (31 March 2013: HK\$3,288.8 million), representing an increase of HK\$19.0 million from the previous year-end. The net asset value per share was HK\$10.75 (31 March 2013: HK\$10.69).

At 30 September 2013, the Group had no significant exposure to foreign exchange rate fluctuations.

Employees and Remuneration Policy

At 30 September 2013, the total number of staff of the Group was 16 (2012: 15). The total staff costs including Directors' emoluments amounted to HK\$6.5 million (2012: HK\$6.1 million). The Group reviews staff remuneration annually. The review is based on individual performance and merit.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2013.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 September 2013 and the 2013/2014 Interim Report with the Directors.

CORPORATE GOVERNANCE

During the six months ended 30 September 2013, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except the following deviation:

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2013.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Annual Report 2013 are set out as follows:

The fee for the Non-Executive Director, namely Ms. Chan Yan Mei, Mary-ellen has been revised from HK\$65,000 per annum to HK\$80,000 per annum for the year ending 31 March 2014. The fee for the Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald has been revised from HK\$75,000 per annum to HK\$80,000 per annum respectively for the year ending 31 March 2014.

DIRECTORS

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

By Order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 26 November 2013