香港通訊

HKC INTERNATIONAL HOLDINGS LIMITED
香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock code: 248)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2012

The directors of HKC International Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2012

	Note	**Six months ended 30th September, 2012** *HK$'000* **(unaudited)**	2011 *HK$'000* (unaudited) (restated)
Turnover	4	**133,108**	263,707
Cost of sales		**(96,201)**	(223,468)
Gross profit		**36,907**	40,239
Other income and gains	5	**478**	4,053
Other losses	6	**(477)**	(1,361)
Selling and distribution expenses		**(3,762)**	(5,902)
Administrative and other operating expenses		**(40,497)**	(44,834)
Finance costs	7	**(402)**	(400)
Loss before taxation	8	**(7,753)**	(8,205)
Tax (expense)/income	9	**(52)**	122
Loss for the period		**(7,805)**	(8,083)

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30th September, 2012

	Note	Six months ended 30th September, **2012** *HK$'000* **(unaudited)**	2011 *HK$'000* (unaudited) (restated)
Other comprehensive expense			
Exchange differences on translation of overseas operations		**(520)**	(2,595)
Fair value gain/(loss) on available-for-sale financial assets		**81**	(203)
Other comprehensive expense for the period		**(439)**	(2,798)
Total comprehensive expense for the period		**(8,244)**	(10,881)
Loss attributable to:			
Equity holders of the Company		**(7,798)**	(7,928)
Non-controlling interests		**(7)**	(155)
Loss for the period		**(7,805)**	(8,083)
Total comprehensive expense attributable to:			
Equity holders of the Company		**(8,237)**	(10,726)
Non-controlling interests		**(7)**	(155)
Total comprehensive expense for the period		**(8,244)**	(10,881)
Loss per share – (HK cents)			
– basic	10	**(1.56) cents**	(1.58) cents
– diluted	10	**(1.54) cents**	(1.57) cents
Dividend	11	**5,058**	4,935

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 30th September, 2012

	Note	**As at 30th September, 2012** *HK$'000* **(unaudited)**	As at 31st March, 2012 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**57,531**	60,269
Investment properties		**176,778**	177,034
Leasehold land		**364**	364
Available-for-sale financial assets		**4,028**	4,110
		238,701	241,777
Current assets			
Inventories		**23,588**	22,934
Gross amount due from customers for contract work	12	**10,340**	4,402
Debtors, deposits and prepayments	13	**39,140**	35,088
Tax recoverable		**–**	37
Cash and bank balances		**39,354**	57,202
		112,422	119,663
Current liabilities			
Creditors and accrued charges	14	**17,881**	19,003
Dividend payable		**5,058**	–
Gross amount due to customers for contract work	12	**586**	435
Tax payable		**629**	619
Obligations under finance leases		**47**	86
Bank borrowings		**36,997**	38,143
		61,198	58,286
Net current assets		**51,224**	61,377
Total assets less current liabilities		**289,925**	303,154

CONDENSED CONSOLIDATED BALANCE SHEETS *(Continued)*
As at 30th September, 2012

	As at 30th September, 2012 *HK$'000* **(unaudited)**	As at 31st March, 2012 *HK$'000* (audited)
Non-current liabilities		
Obligations under finance leases	**89**	16
Deferred tax liabilities	**168**	168
	257	184
	289,668	302,970
Capital and reserves		
Share capital	**5,058**	5,058
Reserves	**284,556**	297,851
Equity attributable to equity holders of the Company	**289,614**	302,909
Non-controlling interests	**54**	61
Total equity	**289,668**	302,970

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2012

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK-Int")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair values. These financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by HKICPA and with the applicable disclosure requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited ("Listing Rules"). Except as described below, the accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31st March, 2012.

In the current interim period, the Group has applied, for the first time the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendments)	Disclosure – Transfers of financial assets

The application of the above amendments to 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.

3. CHANGES IN ACCOUNTING POLICIES

During the year ended 31st March, 2012, the Group changed its accounting policy for investment property from the cost model to the fair value model. The Group believes that using the fair value model provides more appropriate and relevant information about the Group's results and financial position.

This change in policy was applied retrospectively by restating the balances at 1st April, 2011 with consequential adjustments to comparatives for the period ended 30th September, 2011.

Effect on condensed consolidated statements of comprehensive income

	Six months ended 30th September, 2011 *HK$'000*
Loss for the period	
As previously reported	(9,640)
Decrease in administrative and other operating expenses	1,557
As restated	(8,083)

4. TURNOVER/SEGMENT INFORMATION

The Group is currently organized into three divisions – sales of mobile phones, sales of business solutions and property investment. Segment information about the Group's business is presented below:

a) Segment results, assets and liabilities

The reportable segments for the period ended 30th September, 2012 are as follows:

	Sales of mobile phones in Hong Kong	Sales of business solutions in Hong Kong	Sales of business solutions in mainland China and other countries in South East Asia	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**73,214**	**28,845**	**28,615**	**2,434**	**133,108**
Inter-segment sales	**2**	**819**	**118**	**–**	**939**
Reportable segment revenue	**73,216**	**29,664**	**28,733**	**2,434**	**134,047**
Reportable segment (loss)/profit	**(10,120)**	**2,867**	**(1,829)**	**1,806**	**(7,276)**
Interest income from bank deposits	**156**	**–**	**73**	**–**	**229**
Finance costs	**–**	**–**	**(2)**	**(400)**	**(402)**
Depreciation and amortisation for the period	**(1,985)**	**(240)**	**(571)**	**(11)**	**(2,807)**
Additions to non-current assets during the period	**262**	**166**	**180**	**67**	**675**
			At 30th September, 2012		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	**107,818**	**29,813**	**66,633**	**142,831**	**347,095**
Reportable segment liabilities	**7,296**	**9,330**	**6,970**	**37,691**	**61,287**

4. TURNOVER/SEGMENT INFORMATION (Continued)

a) Segment results, assets and liabilities (Continued)

The reportable segments for the period ended 30th September, 2011 are as follows:

	Sales of mobile phones in Hong Kong (restated) *HK$'000*	Sales of business solutions in Hong Kong (restated) *HK$'000*	Sales of business solutions in mainland China and other countries in South East Asia (restated) *HK$'000*	Property investment (restated) *HK$'000*	Total (restated) *HK$'000*
Revenue from external customers	209,362	28,449	23,890	2,006	263,707
Inter-segment sales	311	79	103	–	493
Reportable segment revenue	209,673	28,528	23,993	2,006	264,200
Reportable segment (loss)/profit	(7,139)	(430)	(4,045)	1,289	(10,325)
Interest income from bank deposits	77	–	1	–	78
Finance costs	–	–	(4)	(396)	(400)
Depreciation and amortisation for the period	(1,833)	(253)	(691)	(7)	(2,784)
Additions to non-current assets during the period	2,229	165	932	13,993	17,319
			At 31st March, 2012		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	124,054	25,912	64,826	142,538	357,330
Reportable segment liabilities	4,852	7,182	7,402	38,866	58,302

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of revenues from investment in financial assets, exchange gain and tax(expense)/income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. **TURNOVER/SEGMENT INFORMATION** (Continued)

b) **Geographic information**

	Six Months ended Revenues from external customers		**Non-current assets***	
	30.9.2012	30.9.2011	**30.9.2012**	31.3.2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong (place of domicile)	**104,493**	239,715	**199,907**	201,580
Mainland China	**8,584**	8,441	**32,560**	33,698
Singapore	**17,612**	11,974	**2,202**	2,383
Other countries in South East Asia	**2,419**	3,577	**4**	6
	28,615	23,992	**34,766**	36,087
	133,108	263,707	**234,673**	237,667

* Non-current assets excluding available-for-sales financial assets

c) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
REVENUES		
Reportable segment revenue	**134,047**	264,200
Elimination of inter-segment revenue	**(939)**	(493)
Consolidated turnover	**133,108**	263,707
PROFIT OR LOSS		
Reportable segment loss	**(7,276)**	(10,325)
Unallocated other income and gains	**–**	3,481
Other losses	**(477)**	(1,361)
Consolidated loss before taxation	**(7,753)**	(8,205)

4. TURNOVER/SEGMENT INFORMATION (Continued)

c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
ASSETS		
Reportable segment assets	**347,095**	357,330
Non-current financial assets	**4,028**	4,110
Consolidated total assets	**351,123**	361,440
LIABILITIES		
Reportable segment liabilities	**61,287**	58,302
Deferred tax liabilities	**168**	168
Consolidated total liabilities	**61,455**	58,470

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale financial assets and

- all liabilities are allocated to reportable segments other than deferred tax liabilities.

5. OTHER INCOME AND GAINS

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income from bank deposits	**229**	77
Investment income	**–**	73
Sundry income	**249**	3,903
	478	4,053

6. OTHER LOSSES

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net exchange Loss	**43**	–
Loss on disposal of property, plant and equipment	**434**	–
Net realized and unrealized losses on financial assets at fair value through profit or loss	**–**	1,361
	477	1,361

7. FINANCE COSTS

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on obligations under finance leases	**2**	4
Interest on bank borrowings not wholly repayable within five years	**400**	396
	402	400

8. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss before taxation has been arrived at after charging:		
Operating lease rentals in respect of rented premises		
– minimum lease payment	**5,697**	5,824
– contingent rent	**380**	528
	6,077	6,352
Amortisation of prepaid operating lease payments	**4**	4
Depreciation		
– owned assets	**2,757**	2,728
– leased assets	**46**	52
	2,803	2,780
Employee benefits expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	**23,678**	27,537
– Retirement benefit scheme contributions	**1,711**	2,080
Total staff costs	**25,389**	29,617
Donations	**55**	–

9. TAX (EXPENSE)/INCOME

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The (charge)/income comprises:		
Hong Kong Profits Tax	**(52)**	–
Deferred tax	**–**	122
	(52)	122

Hong Kong Profits Tax is provided at the rate of 16.5% (2010: 16.5%) of the estimated assessable profits for the period.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share is based on the following data:

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss attributable to equity holders of the Company	**(7,798)**	(7,928)
	Number of shares	Number of shares
Basic		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan for the purposes of calculating basic loss per share	**501,008,524**	503,176,524
Diluted		
Weighted average number of ordinary shares in issue less shares held for Share Award Plan	**501,008,524**	503,176,524
Effect of dilutive potential ordinary shares:		
Award shares	**4,776,000**	2,608,000
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**505,784,524**	505,784,524

11. DIVIDEND

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Final dividend for the year 2012 of HK$0.01 per ordinary share (2011: final dividend for the year 2011 of HK$0.01 per ordinary share)	**5,058**	4,935

The directors do not recommend the payment of any interim dividend for the six months ended 30th September, 2012 (2011: HK$ Nil).

12. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contract costs incurred	**22,005**	26,915
Recognised profits	**5,398**	7,933
	27,403	34,848
Progress billings	**(17,649)**	(30,881)
Due from customers	**9,754**	3,967
Classified as:		
Gross amount due from customers	**10,340**	4,402
Gross amount due to customers	**(586)**	(435)

The directors consider that the carrying amounts of gross amount due from/(to) customers for contract work approximate to their fair values.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing average credit period ranging from 2 weeks to one month to its trade customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

The aged analysis of trade debtors of HK$30,776,000 (31st March, 2012: HK$22,835,000) which are included in the Group's debtors, deposits and prepayments is as follows:

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Neither overdue nor impaired	**17,668**	11,678
Less than 1 month overdue	**3,310**	2,222
1 to 3 months overdue	**2,136**	2,349
More than 3 months but less than 12 months overdue	**7,662**	6,586
	30,776	22,835

The directors consider that the carrying amounts of debtors, deposits and prepayments approximate to their fair value.

14. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors of HK$8,466,000 (31st March, 2012: HK$7,826,000) which are included in the Group's creditors and accrued charges is as follows:

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-30 days	**4,522**	5,957
31-60 days	**1,059**	559
61-90 days	**628**	14
Over 90 days	**2,257**	1,296
	8,466	7,826

The directors consider that the carrying amounts of creditors and accrued charges approximate to their fair value.

15. RELATED PARTY TRANSACTIONS

The Group had no transactions with its related parties during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September, 2012, the Group's turnover was HK$133 million which represented a decrease of approximately 49.5% as compared with the HK$264 million recorded for the corresponding period last year. The net loss attributable to equity holders of the Company was HK$7.8 million (2011: HK$7.9 million).

Sales of mobile phones

The turnover substantially decreased from HK$209 million to HK$73 million due to the cessation of mobile phones distribution business. During the reporting period, we focused on the retail business. The decrease in turnover and profit margin led to the loss of HK$10.1 million compared with the loss of HK$7.1 million (restated) for the same period last year.

Sales of business solutions

The turnover increased from HK$52.3 million to HK$57.5 million and the division recorded profit of HK$1 million (2011: (restated) loss of HK$4.5 million). The improvement in the performance was due to the increase in efficiency and effective measures for cost control.

Property investment

The rental income increased from HK$2 million to HK$2.4 million and the profit of this division was HK$1.8 million (2011: (restated) HK$1.3 million).

PROSPECTS

Regarding the mobile phone retail business, we will place more efforts to streamline the operations. Several shops will be renovated to upgrade the image during the second half of the year. We will continue to look for opportunities for distribution business.

In business solution segment, we have won several home automation projects from property developers in Hong Kong. This will help to boost the results during the second half of the year.

Regarding the property investment segment, we expect that the rental income will be stable.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a strong financial position. As at 30th September, 2012, the Group's cash and bank balances amounted to approximately HK$39 million (31st March, 2012: HK$57 million) while the bank borrowings were HK$37 million (31st March, 2012: HK$38 million). The gearing ratio was 12.8% (31st March, 2012: 12.6%) which is expressed as a percentage of total borrowings to total equity.

EMPLOYEES

As at 30th September, 2012, the total number of employees of the Group was approximately 160 (31st March, 2012: 170) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK$23 million (2011: HK$26 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. There is a share award plan in place designed to award employees for their performance at the discretion of the directors. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 30th September, 2012, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings and investment properties with aggregate net book value of HK$131,670,000 (31st March, 2012: HK$131,670,000) and (2) bank deposits of HK$3,122,205 (31st March, 2012: HK$9,185,000).

CONTINGENT LIABILITIES

As at 30th September, 2012, the Company has provided corporate guarantees of HK$103 million (31st March, 2012: HK$103 million) to secure the banking facilities granted to subsidiaries.

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

During the six months ended 30th September, 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30th September, 2012, except for the deviation in respect of the attendance of the independent non-executive directors at the general meetings of the Company set out in Code Provision A.6.7 of the Code.

Code Provision A.6.7 of the Code stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. All three independent non-executive directors did not attend the annual general meeting of the Company held on 13th August, 2012 due to their other commitments.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30th September, 2012.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting policies adopted by the Group and discussed internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30th September, 2012.

APPRECIATION

The board of directors (the "Board") of the Company would like to extend its sincere gratitude to the Company's shareholders, business counterparts and all management and the staff members of the Group for their contribution and continued support during the period.

PUBLICATION AND DESPATCH OF INTERIM REPORT

The interim report of the Company for the six months ended 30th September, 2012 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and will be published on the Company's website at "www.hkc.com.hk" and the website of The Hong Kong Exchange and Clearing Limited at "www.hkexnews.hk" in due course.

On behalf of the Board
Chan Chung Yee, Hubert
Chairman

Hong Kong, 27th November, 2012

As at the date of this announcement, the Board of Directors comprises Mr. Chan Chung Yee, Hubert, Mr. Chan Chung Yin, Roy, Mr. Chan Ming Him, Denny, Mr. Wu Kwok Lam, Mr. Ip Man Hon and Mr. Ng Chi Hoi as executive directors and Dr. Chu Chor Lup, Mr. Chiu Ngar Wing and Dr. George Leung as independent non-executive directors.