POLY CAPITAL HOLDINGS LIMITED
保 興 資 本 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the "Board") of Poly Capital Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2012 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited) (Restated)
Continuing operations			
Revenue	4	**319,637**	764,306
Cost of sales		**(306,759)**	(745,762)
Gross profit		**12,878**	18,544
Net losses on investments at fair value through profit or loss	5	**(138,910)**	(244,197)
Other income and gains		**2,808**	7,329
Selling and distribution costs		**(739)**	–
Administrative expenses		**(11,069)**	(9,340)
Finance costs		**–**	(7,890)
Loss before taxation	5	**(135,032)**	(235,554)
Taxation	6	**(150)**	4,550
Loss for the period from continuing operations		**(135,182)**	(231,004)

	Notes	Six months ended 30 September **2012** ***HK$'000*** **(Unaudited)**	2011 *HK$'000* (Unaudited) (Restated)
Discontinued operation			
Loss for the period from discontinued operation	7	**(3,857)**	(8,212)
Loss for the period		**(139,039)**	(239,216)
Other comprehensive (expense)/income			
Exchange differences on translating foreign operations		**(12)**	2,615
Other comprehensive (expense)/income for the period, net of tax		**(12)**	2,615
Total comprehensive expense for the period		**(139,051)**	(236,601)
Loss for the period attributable to:			
Owners of the Company		**(138,796)**	(238,427)
Non-controlling interests		**(243)**	(789)
		(139,039)	(239,216)
Total comprehensive expense attributable to:			
Owners of the Company		**(138,807)**	(235,782)
Non-controlling interests		**(244)**	(819)
		(139,051)	(236,601)
Loss per share attributable to owners of the Company	8		
From continuing and discontinued operations			
Basic and diluted (HK cents per share)		**(4.68)**	(21.52)
From continuing operations			
Basic and diluted (HK cents per share)		**(4.56)**	(20.85)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	**As at 30 September 2012** ***HK$'000*** **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**2,948**	41,322
Prepaid lease payments		**–**	33,175
Other deposits		**–**	190
Intangible asset	10	**–**	135,558
Goodwill		**–**	9,935
Total non-current assets		**2,948**	220,180
Current assets			
Inventories		**–**	6,704
Accounts and bills receivable	11	**2,103**	57,447
Prepayments, deposits and other receivables		**28,636**	53,902
Loans receivable		**71,841**	66,838
Tax recoverable		**506**	573
Investments at fair value through profit or loss		**700,515**	715,251
Pledged bank deposits		**19,991**	15,008
Cash and bank balances		**162,858**	314,614
		986,450	1,230,337
Assets classified as held for sale	12	**289,302**	–
Total current assets		**1,275,752**	1,230,337
Current liabilities			
Accounts and bills payable	13	**1,961**	22,590
Other payables and accruals	14	**21,710**	159,053
Tax payable		**135**	52
Bank advances for discounted bills	11	**–**	31,169
Bank loans		**–**	28,751
		23,806	241,615
Liabilities directly associated with assets classified as held for sale	12	**195,995**	–
Total current liabilities		**219,801**	241,615

	As at 30 September 2012 *HK$'000* (Unaudited)	As at 31 March 2012 *HK$'000* (Audited)
Net current assets	**1,055,951**	988,722
Total assets less current liabilities	**1,058,899**	1,208,902
Non-current liability		
Deferred tax liabilities	**–**	10,953
Net assets	**1,058,899**	1,197,949
Capital and reserves		
Share capital	**296,553**	296,549
Reserves	**764,383**	903,193
Equity attributable to owners of the Company	**1,060,936**	1,199,742
Non-controlling interests	**(2,037)**	(1,793)
Total equity	**1,058,899**	1,197,949

Notes:

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair values. The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

2. Significant accounting policies

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2012 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2012.

The applicable new and revised HKFRSs adopted in the condensed consolidated interim financial statements are set out below:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets

The application of the above new and revised HKFRSs has had no material effect on the results and financial positions of the Group prepared and presented for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (As revised in 2011)	Employee Benefits[2]
HKAS 27 (As revised in 2011)	Separate Financial Statements[2]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[2]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of the impact of the above HKFRSs upon initial application but is not yet in a position to state whether the above HKFRSs would have a significant impact on the Group's and the Company's results of operations and financial position.

3. Segment information

In a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purpose of resources allocation and performance assessment, the Group is currently organised into the following operating segments.

- the supply and procurement segment represents supply and procurement activities in metal minerals and recyclable metal materials;
- the pharmaceutical segment represents production and sale of Chinese medicine;
- the provision of finance segment represents provision of short-term loan financing activities; and
- the securities investment segment represents investment activities in equity securities, equity-linked notes and convertible bonds.

In the current period, the pharmaceutical business was classified as assets held for sale and discontinued operation as described in note 7.

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

Six months ended 30 September 2012 (Unaudited)

	Continuing operations				Discontinued operation	
	Supply and procurement	**Provision of finance**	**Securities investment**	**Sub-total**	**Pharmaceutical**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to and income from external parties	**312,101**	**4,957**	**2,579**	**319,637**	**16,702**	**336,339**
Segment results	**5,417**	**4,924**	**(136,331)**	**(125,990)**	**(2,281)**	**(128,271)**
Unallocated other income and gains				**784**	**–**	**784**
Unallocated expenses				**(9,826)**	**–**	**(9,826)**
Finance costs				**–**	**(1,665)**	**(1,665)**
Loss before taxation				**(135,032)**	**(3,946)**	**(138,978)**
Taxation				**(150)**	**89**	**(61)**
Loss for the period				**(135,182)**	**(3,857)**	**(139,039)**

Six months ended 30 September 2011 (Unaudited)

	Continuing operations				Discontinued operation	
	Supply and procurement	Provision of finance	Securities investment	Sub-total	Pharmaceutical	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to and income from external parties	747,427	1,784	15,095	764,306	11,452	775,758
Segment results	3,275	1,698	(229,101)	(224,128)	(6,261)	(230,389)
Unallocated other income and gains				3,161	–	3,161
Unallocated expenses				(6,697)	–	(6,697)
Finance costs				(7,890)	(2,040)	(9,930)
Loss before taxation				(235,554)	(8,301)	(243,855)
Taxation				4,550	89	4,639
Loss for the period				(231,004)	(8,212)	(239,216)

4. Revenue

Continuing operations

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, interest income from provision of finance and dividend and interest income from securities investments during the period.

5. Loss before taxation

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
The Group's loss before taxation is arrived at after charging:		
Staff costs including directors' remuneration	**4,759**	4,572
Pension scheme contributions	**219**	186
Total staff costs	**4,978**	4,758
Cost of inventories sold	**303,625**	704,583
Depreciation of property, plant and equipment	**406**	253
and after crediting:		
Bank interest income	**728**	774
Other interest income	**–**	14
Rental income	**98**	90
Exchange gains	**–**	226
Compensation received	**1,872**	3,120
Gain on repurchase of convertible notes	**–**	2,159
Other income	**110**	946
Net losses on investments at fair value through profit or loss:		
Net realised loss on investments in listed equity securities	**15,795**	14,695
Net unrealised loss on investments at fair value through profit or loss	**123,115**	229,502
Net losses on investments at fair value through profit or loss	**138,910**	244,197

6. Taxation

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Current – Hong Kong		
Charge for the period	**150**	80
Over provision in prior period	**–**	(50)
	150	30
Deferred tax		
Charge for the period	**–**	(4,580)
	150	(4,550)

Hong Kong Profits Tax for the six months ended 30 September 2012 and 2011 was calculated at 16.5% of the estimated assessable profit for the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. Discontinued operation

Plan to dispose of the pharmaceutical business

On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK$100,000,000. The disposal was approved by shareholders of the Company on 22 October 2012 and completed on 2 November 2012. The net proceeds of the disposal is expected to exceed the carrying amount of the related net assets of the pharmaceutical business and accordingly, no impairment loss was recognised, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

Analysis of results of the discontinued operation

The results of the discontinued operation included in the condensed consolidated statement of comprehensive income and the condensed consolidated statement of cash flows are set out below.

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period from discontinued operation		
Revenue	**16,702**	11,452
Cost of sales	**(10,444)**	(5,923)
Gross profit	**6,258**	5,529
Other income and gains	**66**	25
Selling and distribution costs	**(279)**	(1,930)
Administrative expenses	**(8,326)**	(9,885)
Finance costs	**(1,665)**	(2,040)
Loss before taxation	**(3,946)**	(8,301)
Taxation	**89**	89
Loss for the period from discontinued operation	**(3,857)**	(8,212)
Loss for the period attributable to:		
Owners of the Company	**(3,614)**	(7,423)
Non-controlling interests	**(243)**	(789)
	(3,857)	(8,212)
Loss for the period from discontinued operation includes the followings:		
Staff costs including directors' remuneration	**866**	688
Pension scheme contributions	**258**	218
Total staff costs	**1,124**	906
Cost of inventories sold	**9,314**	5,604
Depreciation of property, plant and equipment	**2,738**	965
Amortisation of prepaid lease payments	**396**	393
Bank interest income	**(66)**	(25)

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from discontinued operation		
Net cash (used in)/generated from operating activities	**(8,661)**	4,688
Net cash used in investing activities	**(244)**	(1,554)
Net cash used in financing activities	**(4,423)**	(3,921)
Net cash outflows	**(13,328)**	(787)

The pharmaceutical business has been classified and accounted for as a disposal group held for sale at 30 September 2012. Details of the assets and liabilities of the disposal group are set out in note 12.

8. Loss per share attributable to owners of the Company

From continuing and discontinued operations

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

	As at 30 September	As at 30 September
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**(138,796)**	(238,427)

	As at 30 September	As at 30 September
	2012	2011
	'000	*'000*
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,965,491**	1,107,871

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	As at 30 September 2012 HK$'000 (Unaudited)	As at 30 September 2011 HK$'000 (Unaudited)
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**(135,182)**	(231,004)

	As at 30 September 2012 '000 (Unaudited)	As at 30 September 2011 '000 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,965,491**	1,107,871

From discontinued operation

Basic loss per share from the discontinued operation is HK0.12 cents per share (six months ended 30 September 2011: HK0.67 cents per share), calculated based on the loss attributable to owners of the Company from the discontinued operation of HK$3,614,000 (six months ended 30 September 2011: HK$7,423,000) and the weighted average number of ordinary shares of 2,965,491,000 (six months ended 30 September 2011: 1,107,871,000 (restated)).

The weighted average number of ordinary shares for the six months ended 30 September 2011 for the purpose of calculating the basic loss per share from the above operations has been restated resulting from the share consolidation and rights issue of the Company completed during the year ended 31 March 2012.

Basic and diluted loss per share from the above operations for the six months ended 30 September 2012 and 2011 were the same because exercise of share options and warrants (six months ended 30 September 2011: exercise of share options and conversion of convertible notes) would decrease the loss per share for both periods, therefore, anti-dilutive.

9. Dividends

No dividends were declared during the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

10. Intangible asset

	As at 30 September 2012 HK$'000 (Unaudited)	As at 31 March 2012 HK$'000 (Audited)
Cost		
At the beginning of the period/year	**157,440**	152,320
Reclassified as asset held for sale	**(157,440)**	–
Exchange realignment	**–**	5,120
At the end of the period/year	**–**	157,440
Impairment		
At the beginning of the period/year	**21,882**	–
Eliminated on reclassification as asset held for sale	**(21,882)**	–
Impairment loss recognised in profit or loss	**–**	21,704
Exchange realignment	**–**	178
At the end of the period/year	**–**	21,882
Carrying value		
At the end of the period/year	**–**	135,558

Notes:

(a) The intangible asset represents an intellectual property relating to production and sale of 金花清感 (Jinhua Qinggan) which is presently a prescription drug for clinic use. Jinhua Qinggan is a Chinese medicine aimed at treating patients who have been infected with Influenza A (H1N1) and other types of influenza.

(b) The above intangible asset has definite useful life and is amortised on a straight-line basis over 20 years commencing from the date of granting of the new drug certificate.

(c) The intangible asset has been reclassified and accounted for as assets classified as held for sale (note 12) at 30 September 2012.

11. Accounts and bills receivable

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Accounts receivable	**–**	21,260
Bills receivable	**2,103**	36,187
	2,103	57,447

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Accounts and bills receivable are non-interest bearing. The carrying amounts of the accounts and bills receivable approximate to their fair values.

The following is an analysis of accounts and bills receivable by age, presented based on the invoice date, and net of impairment. The analysis below includes those accounts receivable of the disposal group reclassified as assets classified as held for sale (note 12):

	As at 30 September 2012 *HK$'000* **(Unaudited)**	As at 31 March 2012 *HK$'000* (Audited)
Within 30 days	**4,723**	6,443
31 to 60 days	**2,812**	37,443
61 to 90 days	**2,941**	2,744
91 to 180 days	**1,546**	3,627
Over 180 days	**7,863**	7,190
Total	**19,885**	57,447

As at 30 September 2012, there was no outstanding discounted bills receivable. As at 31 March 2012, a subsidiary of the Group discounted bills receivable amounting to approximately HK$31,169,000 to banks in exchange for cash.

12. Assets classified as held for sale

As described in note 7, the Group planned to dispose of its pharmaceutical business and that the disposal was completed on 2 November 2012. The major classes of assets and liabilities of the pharmaceutical business at the end of the reporting period are as follows:

	As at 30 September 2012 *HK$'000* **(Unaudited)**
Property, plant and equipment	**36,536**
Prepaid lease payments	**32,776**
Intangible asset	**135,558**
Goodwill	**9,935**
Inventories	**5,120**
Accounts receivable	**17,782**
Prepayments, deposits and other receivables	**26,508**
Cash and bank balances	**25,087**
Assets classified as held for sale	**289,302**
Accounts payable	**(11,363)**
Other payables and accruals	**(149,446)**
Bank loans	**(24,323)**
Deferred tax liabilities	**(10,863)**
Liabilities directly associated with assets classified as held for sale	**(195,995)**
Net assets classified as held for sale	**93,307**

13. Accounts and bills payable

	As at 30 September 2012 HK$'000 (Unaudited)	As at 31 March 2012 HK$'000 (Audited)
Accounts payable	–	17,108
Bills payable	**1,961**	5,482
	1,961	22,590

The accounts and bills payable are non-interest bearing and are normally settled on 60 days term. As at 30 September 2012, the Group had bills payable of approximately HK$1,961,000 (31 March 2012: HK$5,482,000), which were ranged from within 30 days to over 180 days.

The following is an analysis of accounts and bills payable by age based on the invoice date. The analysis below includes those accounts payable of the disposal group reclassified as liabilities directly associated with assets classified as held for sale (note 12):

	As at 30 September 2012 HK$'000 (Unaudited)	As at 31 March 2012 HK$'000 (Audited)
Within 30 days	**4,465**	2,422
31 to 60 days	**20**	3,802
61 to 90 days	**4,408**	2,118
91 to 180 days	**13**	3,767
Over 180 days	**4,418**	10,481
Total	**13,324**	22,590

14. Other payables and accruals

	As at 30 September 2012 HK$'000 (Unaudited)	As at 31 March 2012 HK$'000 (Audited)
Other payables *(note)*	**18,674**	156,904
Accruals	**3,036**	2,149
	21,710	159,053

Note:

As at 31 March 2012, included in other payables of approximately HK$114,698,000 was the balance payment for the consideration of the transfer of the intangible asset (note 10). This other payable together with certain other payables and accruals of the disposal group have been reclassified and accounted for as liabilities directly associated with assets classified as held for sale (note 12) at 30 September 2012.

15. Events after the end of the reporting period

1. On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK$100,000,000. The disposal was completed on 2 November 2012. Details of the disposal were set out in the Company's announcement dated 7 September 2012 and circular dated 28 September 2012 respectively.

2. On 8 November 2012, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate amount of HK$100,000,000 to be issued by the Company in the denomination of HK$10,000,000 each (the "Placing Notes") to independent third parties (the "Placing").

   Pursuant to the Placing Agreement, the Placing Notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. Details of the Placing were set out in the Company's announcement dated 8 November 2012.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

BUSINESS REVIEW

In September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK$100,000,000 and the disposal was completed in November 2012. Accordingly, the results of the pharmaceutical division were accounted for as discontinued operation in the condensed consolidated statement of comprehensive income, whereas the assets and liabilities of the division were accounted for as assets classified as held for sale and liabilities directly associated with assets classified as held for sale in the condensed consolidated statement of financial position.

Continuing operations

For the six months ended 30 September 2012, the Group reported revenue of HK$319,637,000, decreased by 58% from the previous period (30 September 2011: HK$764,306,000), and gross profit of HK$12,878,000, showing a 31% decline compared to the last period (30 September 2011: HK$18,544,000). The significant decrease in the Group's revenue was mainly attributed to the decline in volume of metal minerals traded by the Group's supply and procurement division.

During the period under review, the Group's supply and procurement division continued to focus on the sourcing, transporting and supplying of metal minerals. When compared with the previous period, the division recorded a 58% decrease in revenue to HK$312,101,000 (30 September 2011: HK$747,427,000) and a 65% increase in segment profit to HK$5,417,000 (30 September 2011: HK$3,275,000). The decrease in the division's revenue was principally attributed to the slowdown in demand for building materials and hence metal minerals in the Mainland, which in turn was mainly caused by the financial tightening measures imposed on the property sector by the Chinese government. In contrast to the drop in revenue, the division achieved a substantial rise of segment profit, which was mainly due to the absence of approximately HK$8 million loss incurred in the previous period resulting from the minerals content deviation of a shipment of iron ore transacted. The Group had initiated an arbitration claim against the supplier of that shipment and the case was finally settled through mediation. The Group was awarded a compensation of approximately HK$4.5 million, out of which approximately HK$2.6 million was recovered during the year ended 31 March 2012, and approximately HK$1.9 million was recovered in the current period. The Group has recently expanded its supply and procurement business to timber logs trading. The management is optimistic about the prospects of natural resources related businesses and will continue to devote financial resources for development of such businesses.

The financing division continued to provide a stable income source to the Group for the period under review. When compared with the previous period, the interest income and segment profit generated by the financing division were up substantially by 178% to HK$4,957,000 (30 September 2011: HK$1,784,000) and 190% to HK$4,924,000 (30 September 2011: HK$1,698,000). Such material increases were mainly due to the higher average amount of loans advanced to customers over the previous period. The loan portfolio held by the Group amounted to HK$71,841,000 (31 March 2012: HK$66,838,000) at the period end. The Group will progressively expand the scale of this operation in light of profitable results achieved in the past years.

The Group's securities investment division recorded revenue of HK$2,579,000 (30 September 2011: HK$15,095,000) representing mainly dividend from equity securities investments and interest income from convertible bonds received during the period. As a whole, the division reported a loss of HK$136,331,000 (30 September 2011: HK$229,101,000) primarily as a result of the loss incurred from investing in Hong Kong listed equity securities, and that loss incurred comprised mainly unrealised holding loss of HK$123,115,000 (30 September 2011: HK$229,502,000) from holdings of listed equity securities and convertible bonds measured at fair values at the period end. During the review period, the Hong Kong stock market was still clouded with uncertainties mainly resulting from the continuance of the sovereign debts crises in Europe, the slow recovery of the United States economy and the slowdown of GDP growth of the Mainland economy. Investment sentiments were low for a large part of the period and put pressure on prices of listed securities invested by the Group. The Group's securities portfolio at the period end comprised mainly listed equity securities in banking company, conglomerate company, infrastructure company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, apparels and accessories company, automobile retailing company and financial services company. At the period end, the Group's securities and convertible bonds portfolio was valued at HK$700,515,000 (31 March 2012: HK$715,251,000). The management expects that the division will perform better when investor confidence and positive market sentiments are restored in the stock markets.

Discontinued operation

For the review period, the pharmaceutical division reported revenue of HK$16,702,000 (30 September 2011: HK$11,452,000) and incurred segment loss of HK$2,281,000 (30 September 2011: HK$6,261,000). On 7 September 2012, the Group entered into a conditional sale and purchase agreement to dispose of its pharmaceutical business at a consideration of HK$100,000,000. As mentioned in the Company's circular dated 28 September 2012, the pharmaceutical division is selling Jinhua Qinggan, a Chinese medicine for treating patients infected with Influenza A (H1N1) and other types of influenza, as a prescription drug to designated medical institutions in Beijing, and the division will only be able to market the medicine as a non-prescription drug to public subject to the issuance of a new drug certificate from the relevant authorities in the Mainland. The division has submitted medicine tests results in connection with the application of such certificate and has been awaiting for feedback and results of its application. However, as the issuance date of the new drug certificate is uncertain, and that sales volume of the medicine had not yet reached a scale that could cover the division's operating costs, in particular, the high start-up costs in its early stage of operation even though substantial promotional expenses had been incurred in marketing Jinhua Qinggan, the division had been incurring losses in the past years. The Board therefore believes that the disposal will enable the Group to deploy resources in other business with better prospects and is in the interests of the Company and its shareholders as a whole. The disposal was approved by shareholders on 22 October 2012 and completed on 2 November 2012.

For the period ended 30 September 2012, the Group recorded loss attributable to owners of the Company of HK$138,796,000 (30 September 2011: HK$238,427,000) and basic loss per share of HK4.68 cents (30 September 2011: HK21.52 cents (restated)) from continuing and discontinued operations. The overall loss incurred by the Group was mainly attributed to the loss incurred by the Group's securities investment division during the period.

FINANCIAL REVIEW

At 30 September 2012, the Group had current assets of HK$1,275,752,000 (31 March 2012: HK$1,230,337,000) and liquid assets comprising cash and short-term securities investment of HK$863,373,000 (31 March 2012: HK$1,029,865,000) (excluding pledged bank deposits for trade facilities granted by banks). The Group's current ratio, calculated based on current assets of HK$1,275,752,000 (31 March 2012: HK$1,230,337,000) over current liabilities of HK$219,801,000 (31 March 2012: HK$241,615,000), was at a strong ratio of about 5.80 at the period end (31 March 2012: 5.09).

The Group's finance costs for the last period included an interest on convertible notes of HK$7,890,000 calculated in accordance with the Group's accounting policy on financial instruments, yet only part of that interest of HK$912,000 required cash settlement and the rest of that amount was not associated with any cash outlay. In September 2011, the Company repurchased all outstanding convertibles notes in an aggregate principal amount of HK$189,100,000 at the price of HK$187,209,000, representing a discount of 1% on the aggregate principal amount of such notes. The net gain on repurchase of the convertible notes amounted to HK$2,159,000 and was included as other income in the last period.

At the period end, equity attributable to owners of the Company amounting to HK$1,060,936,000 (31 March 2012: HK$1,199,742,000) and is equivalent to an attributable amount of approximately HK$0.36 (31 March 2012: HK$0.40) per share of the Company. The decrease of the equity attributable to owners of the Company was mainly a result of the loss incurred by the Group.

The Group's indebtedness comprised of bank loans of the discontinued pharmaceutical division of HK$24,323,000 (31 March 2012: HK$59,920,000 (including bank advances for discounted bills)). The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 2% (31 March 2012: 5%).

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PROSPECTS

In view of the uncertainties and challenges embedded in the business environments the Group is operating in, the management will continue to manage the Group's businesses in a prudent and cautious manner with the view to ensure a stable prospect to shareholders. Looking forward, the Group will continue to engage in its three remaining businesses, namely, supply and procurement, provision of finance and securities investment after disposal of its pharmaceutical business.

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012 except for the following deviations with reasons as explained:

Code Provision A.4.1

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

Deviation

The Independent Non-executive Directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in bye-law 87 of the Company's Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those set out in the CG Code.

Code Provision A.6.7

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Deviation

Two Independent Non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 24 September 2012 as they had other important business engagements and one Independent Non-executive Director of the Company was unable to attend the special general meeting of the Company held on 22 October 2012 as he had an overseas engagement.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2012 have not been audited, but have been reviewed by the Audit Committee and are duly approved by the Board under the recommendation of the Audit Committee.

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

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

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 29 November 2012

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Bai Jianjiang and Ms. Lee Chun Yeung, Catherine as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Lu Xinsheng as Independent Non-executive Directors.

* *For identification purpose only*