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Louis XIII Holdings Limited
路易十三集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 577)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Financial Highlights		
• Turnover	HK$3,558 million	+3%
• Gross profit	HK$84 million	-25%
• Loss attributable to owners of the Company	HK$52 million	-349%
• Loss per share		
– Basic	14.5 HK cents	-142%
– Diluted	14.5 HK cents	N/A
• NAV per share	HK$8.40	-2%

RESULTS

The board of directors (the "Board") of Louis XIII Holdings Limited ("Louis XIII" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013, together with the comparative figures for the corresponding period in 2012. The consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the six months ended 30 September 2013 and the consolidated statement of financial position of the Group as at 30 September 2013, all of which are unaudited and condensed, along with selected explanatory notes, have been reviewed by the Company's Audit Committee and external auditor.

Condensed Consolidated Statement of Profit or Loss

		Unaudited Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Turnover			
The Company and its subsidiaries		**3,558,257**	3,438,504
Share of associates and joint ventures		**1,497,191**	344,047
		5,055,448	3,782,551
Group turnover	*3*	**3,558,257**	3,438,504
Cost of sales		**(3,473,925)**	(3,326,517)
Gross profit		**84,332**	111,987
Other income		**2,773**	2,302
Administrative expenses		**(160,414)**	(94,739)
Finance costs		**(7,488)**	(6,449)
Share of results of associates		**97**	5,919
Share of results of joint ventures		**41,808**	5,230
(Loss) profit before tax		**(38,892)**	24,250
Income tax expense	*4*	**(4,652)**	(3,064)
(Loss) profit for the period	*5*	**(43,544)**	21,186
(Loss) profit for the period attributable to:			
Owners of the Company		**(52,136)**	20,973
Non-controlling interests		**8,592**	213
		(43,544)	21,186
		HK cents	*HK cents* (restated)
(Loss) earnings per share	*7*		
Basic		**(14.5)**	34.6
Diluted		**(14.5)**	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the period	**(43,544)**	21,186
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising from translation of foreign operations	**3,291**	27
Share of translation reserve of associates and joint ventures	**901**	42
	4,192	69
Total comprehensive (expense) income for the period	**(39,352)**	21,255
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	**(49,998)**	21,042
Non-controlling interests	**10,646**	213
	(39,352)	21,255

Condensed Consolidated Statement of Financial Position

	Notes	**Unaudited 30.9.2013 *HK$'000***	Audited 31.3.2013 *HK$'000*
NON-CURRENT ASSETS			
Hotel under development		**189,709**	33,933
Property, plant and equipment		**199,218**	201,950
Prepaid land lease payments		**1,873,781**	1,926,076
Goodwill		**61,646**	61,646
Other intangible assets		**7,597**	7,570
Interests in associates		**27,695**	27,934
Interests in joint ventures		**156,741**	114,016
Other debtors – non-current portion		**189,884**	187,040
		2,706,271	2,560,165
CURRENT ASSETS			
Prepaid land lease payments		**104,591**	104,591
Amounts due from customers for contract works		**617,747**	467,800
Trade and other debtors, deposits and prepayments	*8*	**1,729,580**	1,771,290
Amounts due from associates		**34,546**	39,817
Amounts due from joint ventures		**379,682**	174,768
Amounts due from subsidiaries of a shareholder		**67,222**	72,728
Other loan receivable		**51,469**	–
Pledged bank deposits		**15,832**	–
Short term bank deposits		**841,036**	814,835
Bank balances and cash		**266,878**	345,647
		4,108,583	3,791,476
CURRENT LIABILITIES			
Amounts due to customers for contract works		**761,147**	756,373
Trade and other creditors and accrued expenses	*9*	**1,775,200**	1,432,485
Amounts due to associates		**63,997**	57,532
Amounts due to joint ventures		**120,039**	98,413
Amounts due to non-controlling interests		**874**	171
Loan from a subsidiary of a shareholder		**44,000**	–
Taxation payable		**10,261**	8,714
Bank borrowings – due within one year		**457,678**	402,048
		3,233,196	2,755,736
NET CURRENT ASSETS		**875,387**	1,035,740
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,581,658**	3,595,905
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		**19,173**	38,041
Convertible bonds		**177,141**	168,010
		196,314	206,051
		3,385,344	3,389,854

	Unaudited 30.9.2013 *HK$'000*	Audited 31.3.2013 *HK$'000*
CAPITAL AND RESERVES		
Share capital	**720,708**	709,326
Reserves	**2,307,223**	2,339,245
Equity attributable to owners of the Company	**3,027,931**	3,048,571
Non-controlling interests		
Share option reserve of a subsidiary	**16,151**	10,667
Share of net assets of subsidiaries	**341,262**	330,616
	357,413	341,283
TOTAL EQUITY	**3,385,344**	3,389,854

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Net cash from operating activities	**3,187**	43,968
Net cash used in investing activities		
Additions to hotel under development	**(73,321)**	–
Addition to other loan receivable	**(50,000)**	–
Additions to property, plant and equipment	**(19,763)**	(41,961)
Placement of pledged bank deposits	**(15,832)**	–
Proceed on disposal of property, plant and equipment	**3,000**	15
Repayment from an associate	**–**	10,305
Other investing cash flows	**2,406**	543
	(153,510)	(31,098)
Net cash from (used in) financing activities		
New bank loans raised	**284,380**	360,916
Advance from a joint venture	**73,875**	–
Loan from a subsidiary of a shareholder	**44,000**	–
Repayment of bank loans	**(249,076)**	(323,111)
Repayment to a joint venture	**(51,750)**	(58,500)
Other financing cash flows	**(4,056)**	(24,033)
	97,373	(44,728)
Net decrease in cash and cash equivalents	**(52,950)**	(31,858)
Effect of foreign exchange rate changes	**382**	3
Cash and cash equivalents brought forward	**1,160,482**	305,792
Cash and cash equivalents carried forward	**1,107,914**	273,937
Analysis of the balances of cash and cash equivalents		
Short term bank deposits	**841,036**	20,799
Bank balances and cash	**266,878**	253,138
	1,107,914	273,937

Notes:

1. **BASIS OF PREPARATION**

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

Pursuant to the special resolution passed by the shareholders of the Company on 3 April 2013, the name of the Company was changed from "Paul Y. Engineering Group Limited" to "Louis XIII Holdings Limited" and "路易十三集團有限公司" was adopted as the Company's Chinese name in place of "保華建業集團有限公司" for identification purpose. The change of name took effect on 3 April 2013.

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis.

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

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments to standards and interpretation issued by the HKICPA.

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

Except for as described below, the application of the new and revised standards, amendments to standards and interpretation in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not have any material impact on the financial position and the financial result of the Group.

HKFRS 11 "Joint Arrangements"

HKFRS 11, which replaces HKAS 31 "Interests in Joint Ventures", divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's condensed consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group's joint ventures continue to be accounted for using the equity method and there is no material impact on the financial position and the financial result of the Group.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 replaces existing guidance in individual standards with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the condensed consolidated financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for 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 subsequently reclassified 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting

(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 "Interim Financial Reporting" as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there has not been material change in the total assets and total liabilities for any particular reportable segments from the amounts disclosed in the last annual financial statements, the Group has not included total assets and total liabilities information as part of segment information.

3. SEGMENT INFORMATION

The Group is organised into the following four operating and reportable segments:

Management contracting	–	building construction and civil engineering
Property development management	–	development management, project management and facilities and asset management services
Property investment	–	investment in properties through investment in a joint venture/an associate
Hotel development	–	hotel operation with ancillary retail and entertainment facilities

The Group had newly invested a new operating segment of the hotel operation in Macau with provision of ancillary retail and entertainment facilities during the year ended 31 March 2013. The remaining segments are held under a major subsidiary of the Group, Paul Y. Engineering Group Limited ("PYE").

The following is an analysis of the Group's turnover and results by operating and reportable segments for the period under review:

For the six months ended 30 September 2013

	Management contracting	Property development management	Property investment	PYE total	Hotel development	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE								
External sales	**3,556,459**	**1,798**	**–**	**3,558,257**	**–**	**3,558,257**	**–**	**3,558,257**
Inter-segment sales	**49,427**	**300**	**–**	**49,727**	**–**	**49,727**	**(49,727)**	**–**
Segment revenue	**3,605,886**	**2,098**	**–**	**3,607,984**	**–**	**3,607,984**	**(49,727)**	**3,558,257**
Segment profit (loss)	**64,039**	**220**	**443**	**64,702**	**(28,292)**	**36,410**	**–**	**36,410**
Corporate income								**2,773**
Central administrative costs								**(70,587)**
Finance costs								**(7,488)**
Loss before tax								**(38,892)**

For the six months ended 30 September 2012

	Management contracting	Property development management	Property investment	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE						
External sales	3,434,387	4,117	–	3,438,504	–	3,438,504
Inter-segment sales	–	441	–	441	(441)	–
Segment revenue	3,434,387	4,558	–	3,438,945	(441)	3,438,504
Segment profit	63,728	970	5,819	70,517	–	70,517
Corporate income						2,302
Central administrative costs						(42,120)
Finance costs						(6,449)
Profit before tax						24,250

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties, where no market price was available.

Segment profit (loss) represents profit (loss) attributable to each operating and reportable segment without allocation of corporate income, central administrative costs and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
The charge comprises:		
Current tax	**4,652**	4,413
Overprovision in prior years	**–**	(1,349)
Macau and the People's Republic of China (the "PRC") tax	**4,652**	3,064

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the assessable profits are wholly absorbed by tax losses brought forward for both periods.

Taxation arising in Macau and the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the period has been arrived at after charging (crediting):		
Consultancy fee *(Note)*	**5,007**	8,257
Depreciation of property, plant and equipment	**16,518**	15,036
Less: Amount capitalised in respect of contracts in progress	**(836)**	(772)
	15,682	14,264
Legal and professional fee *(Note)*	**8,506**	6,488
Loss on disposal of property, plant and equipment	**2,991**	426
Release of prepaid land lease payments	**52,295**	287
Less: Amount capitalised in respect of hotel under development	**(52,008)**	–
	287	287
Staff costs after capitalisation in hotel under development and contracts in progress *(Note)*	**89,072**	52,011
Interest income	**(4,708)**	(2,302)
Less: Interest income capitalised in respect of hotel under development	**1,935**	–
	(2,773)	(2,302)

Note: These items are included in administrative expenses.

6. DIVIDENDS

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distributions to owners of the Company during the current period:		
Final dividend declared in respect of prior year – Nil (2012: 1.0 HK cent) per share	**–**	6,070

No dividend was declared or proposed by the directors of the Company for the six months ended 30 September 2013 and 2012.

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share:		
(Loss) profit for the period attributable to owners of the Company	**(52,136)**	20,973

Number of shares

	Number of shares	Number of shares (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share *(Note)*	**358,767,945**	60,695,432

Note: The weighted average number of ordinary shares adopted in the calculation of the basic earnings per share for the six months ended 30 September 2012 has been adjusted retrospectively to reflect the impact of share consolidation effected on 27 May 2013.

The computation of diluted loss per share for the six months ended 30 September 2013 does not assume the exercises of convertible bonds, exchange right granted to option holders under a subsidiary's share option scheme and the Company's share options outstanding during the six months ended 30 September 2013 since assumed such exercises would result in a decrease in loss per share.

Diluted earnings per share had not been calculated for the six months ended 30 September 2012 as no potential ordinary shares were outstanding for the six months ended 30 September 2012.

8. TRADE AND OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in trade and other debtors, deposits and prepayments are trade debtors, net of allowance for doubtful debts, of HK$553,979,000 (31.3.2013: HK$650,897,000) and their aged analysis presented based on the invoice date at the end of the reporting period is as follows:

	30.9.2013	31.3.2013
	HK$'000	*HK$'000*
Within 90 days	**521,422**	611,711
More than 90 days and within 180 days	**177**	543
More than 180 days	**32,380**	38,643
	553,979	650,897

Trade debtors mainly arise from management contracting business. The Group's credit terms for its management contracting business are negotiated at terms determined and agreed with its trade customers. The credit periods are ranging from 60 to 90 days.

At 30 September 2013, retentions held by customers for contract works amounting to HK$569,742,000 (31.3.2013: HK$563,892,000) are included in trade and other debtors, deposits and prepayments, of which HK$299,991,000 (31.3.2013: HK$258,591,000) are expected to be recovered or settled after more than twelve months from the end of the reporting period.

Included in trade and other debtors, deposits and prepayments in the condensed consolidated statement of financial position is an amount of HK$79,072,000 (31.3.2013: HK$73,644,000) which represents the prepayment made to independent sub-contractors for undertaking construction projects. The amount is then utilised throughout the construction period of the contracts.

At 30 September 2013, construction and material purchase costs incurred and paid on behalf of sub-contractors for the construction works amounting to HK$202,773,000 (31.3.2013: HK$209,744,000) were included in trade and other debtors, deposits and prepayments in the condensed consolidated statement of financial position.

Included in trade and other debtors, deposits and prepayments in the condensed consolidated statement of financial position is an aggregate sum of HK$270,176,000 (31.3.2013: HK$266,138,000) which mainly represents amounts recoverable (together with interest thereon) from an independent third party which is a property developer, in respect of amounts paid by the Group in previous years for financing a property development project in Beijing, the PRC (the "Project"). The principal amount was HK$189,884,000 (31.3.2013: HK$187,040,000) and recoverable with interest calculated at the benchmark lending interest rate as announced by the People's Bank of China plus 8% per annum.

Included in trade and other debtors, deposits and prepayments in the condensed consolidated statement of financial position is also an aggregate sum of HK$16,394,000 (31.3.2013: HK$16,394,000) which represents an advance (together with interest thereon) made to a related company of the above independent third party in Hong Kong in previous years. The principal amount of HK$10,000,000 (31.3.2013: HK$10,000,000) carries interest at the best lending rate plus 8% per annum and was due on 25 February 2006.

To protect the Group's interest, the Group has entered into presale contracts with the property developer for certain property units in the Project. The Group is in the course of negotiation with an asset management company in the PRC, which has certain interests in the above Project, for the purpose of realising the properties under these presale contracts held for full recovery of the amounts of HK$270,176,000 and HK$16,394,000 outstanding as at 30 September 2013 (31.3.2013: HK$266,138,000 and HK$16,394,000). On the basis that the fair value of the properties under presale contracts is higher than the advances and accrued interest, the directors are of the view that the amounts will be recovered in full and as such no impairment loss on these amounts has been recognised. The estimated portion of such amounts which is expected to be recovered after twelve months from the end of the reporting period, amounting to HK$189,884,000 (31.3.2013: HK$187,040,000), has been classified as a non-current asset.

A writ of summons was served in the courts in Hong Kong on 28 July 2011 upon the Company and two of its subsidiaries claiming for, amongst others, damages in a sum of approximately RMB780,000,000 (equivalent to approximately HK$989,000,000) related to the Project. It is stated in the writ of summons that the Company and two of its subsidiaries were alleged to be in breach of certain terms contained in an alleged oral master agreement (which is denied by the Company and the two subsidiaries of the Company). Taken into consideration of a legal opinion, the Company is of the view that the Company and the two subsidiaries of the Company would have a reasonably good chance in defending the alleged claim and that it is probable there would not be material adverse impact on the financial position of the Group.

9. TRADE AND OTHER CREDITORS AND ACCRUED EXPENSES

Included in trade and other creditors and accrued expenses are trade creditors of HK$845,783,000 (31.3.2013: HK$680,935,000) and their aged analysis presented based on the invoice date at the end of the reporting period is as follows:

	30.9.2013	31.3.2013
	HK$'000	*HK$'000*
Within 90 days	**835,353**	665,997
More than 90 days and within 180 days	**85**	369
More than 180 days	**10,345**	14,569
	845,783	680,935

The average credit period on trade creditors is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

At 30 September 2013, retentions held by the Group for contract works amounting to HK$424,893,000 (31.3.2013: HK$383,644,000) were included in trade and other creditors and accrued expenses, of which HK$124,421,000 (31.3.2013: HK$96,905,000) are expected to be paid or settled after more than twelve months from the end of the reporting period.

Included in trade and other creditors and accrued expenses in the condensed consolidated statement of financial position is an amount of HK$150,986,000 (31.3.2013: HK$94,884,000) which represents advances received from customers for undertaking construction projects in Hong Kong, Macau and the PRC.

REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

The Company is building an exclusive luxury hotel and entertainment complex, expected to be completed in early 2016, on a site of some 65,000 square feet located on the Cotai Strip in Macau. The directors believe that the completion of hotel development followed by a fully operational hotel in Macau with provision of ancillary retail and entertainment facilities will, in due course, generate strong cash flows for the benefit of all shareholders.

During the period under review, the demand for engineering and construction services remained strong in both Hong Kong and Macau as a result of a significant increase in capital investment by governments and investors.

For the six months ended 30 September 2013, the Group recorded a consolidated turnover of approximately HK$3,558 million (2012: HK$3,439 million), representing an increase of approximately 3% from that of the last period as a result of the strong order book on hand. Taking into account the Company's share of turnover of associates and joint ventures, turnover would be approximately HK$5,055 million (2012: HK$3,783 million), representing an increase of approximately 34%. Gross Profit decreased by approximately 25% to approximately HK$84 million (2012: HK$112 million) due primarily to the rise of the portion of the Group's business being conducted through its unconsolidated associates and joint ventures. As a result, share of results of associates and joint ventures increased by approximately 280% to approximately HK$42 million (2012: HK$11 million). Similarly, the gross margin dropped to 2.4% (2012: 3.3%) primarily as a result of higher margin businesses being booked through the Group's associates and joint ventures and partly as a result of the rise in manpower and other construction costs. Loss attributable to owners of the Company for the period was approximately HK$52 million (2012: Profit of HK$21 million) which mainly resulted from the investment in hotel development. Basic loss per share was 14.5 HK cents.

The Group does not propose to pay a dividend for the six months ended 30 September 2013.

The Group has maintained a strong financial position with total assets increasing by approximately 7% to approximately HK$6,815 million. Current assets were approximately HK$4,109 million, representing approximately 1.3 times the current liabilities. The equity attributable to owners of the Company has decreased to approximately HK$3,028 million or by 1% due primarily to operating losses related to hotel development.

Net cash flow from operating activities was about HK$4 million and net cash outflow in respect of investing activities was approximately HK$154 million. Net cash inflow in respect of financing activities was approximately HK$97 million, resulting in a net decrease in cash and cash equivalents of about HK$53 million for the Group for the six months ended 30 September 2013.

REVIEW OF OPERATIONS

Hotel Development

Following the acquisition of Falloncroft Investments Limited ("Falloncroft") in February 2013, the Company is building an exclusive luxury hotel and entertainment complex. During the six months ended 30 September 2013, the Group made a number of key hires substantially filling out its senior management team for its hotel development business. The key hires are specialized in Resort Operations, Food and Beverage, Retail Operations, Information Technology, Engineering and Facilities Management, Guest Relations and Human Resources.

In August 2013, the Group completed the definitive agreement with L'Ambroisie to open the first L'Ambroisie outside the original one in Paris in the Group's Macau hotel.

In late August, the Group received a formal consent from the Government of Macau to begin work on the diaphragm wall of the hotel.

Engineering Business – PYE (51% owned)

The Management Contracting division remained the core business and the major contributor of revenue this period. Turnover of this division amounted to approximately HK$3,556 million (2012: HK$3,434 million), up by about 4%. Taking into account the share of turnover of associates and joint ventures, the turnover would be approximately HK$5,051 million (2012: HK$3,776 million), representing an increase of approximately 34%. It reported operating profit of approximately HK$64 million (2012: HK$64 million). As at 30 September 2013, the value of contracts on hand was approximately HK$28,293 million, while the value of work remaining had stood at approximately HK$18,164 million.

During the period under review, the Management Contracting division secured new construction contracts with an aggregate value of approximately HK$5,267 million, representing an increase of approximately 50% as compared to the amount of approximately HK$3,504 million for the last corresponding period. Subsequent to the period end, the division secured further contracts of approximately HK$385 million. Set out below are some of the new contracts secured during the period and up to the date of this result announcement:

- The proposed comprehensive development for Louis XIII Hotel at Coloane, Macau

- Urban renewal project at Castle Peak Road (K21) at Sham Shui Po, Kowloon, Hong Kong

- Foundation works (Lots 7 & 10) for the Concordia Development at Coloane, Macau *

- ATTIC development with a swimming pool at no. 11 & 25 Lorong M & N Telok Kurau, Singapore

- 上海廣南徐涇項目

- Main contract works for the proposed hotel development at No. 7 Moreton Terrace, Causeway Bay, Hong Kong

* Project being carried out through a joint venture

The Property Development Management division reported a profit of approximately HK$0.2 million for the period under review. The value of contracts on hand for Property Development Management division at the period end was approximately HK$5 million.

The Property Investment division also reported a profit, through its joint venture, of approximately HK$0.4 million for the period under review. The joint venture holds an investment property in Hangzhou, the Pioneer Technology Building, which is an office building with gross floor area of some 20,000 square meters. The building contributed rental income of about HK$5 million (2012: HK$5 million) during the period and it was almost fully leased out as at 30 September 2013.

EVENTS AFTER THE REPORTING PERIOD

The significant events of the Group occurred after the end of the reporting period are as follows:

(a) On 15 October 2013, the Company granted 289,000 share options to an employee of the Group under the Company's share option scheme as adopted on 7 September 2005, which entitles him to subscribe for ordinary shares of the Company upon exercise at an exercise price of HK$8.10 per share. Details of options granted are set out in an announcement dated 15 October 2013; and

(b) On 8 November 2013, the Company entered into a placing agreement with certain placing agents pursuant to which the Company has conditionally agreed to allot and issue, and the placing agents have conditionally agreed, on a best efforts basis, severally and not jointly nor jointly and severally with the other placing agent, to procure placees to subscribe for, up to 72,070,500 placing shares at a placing price of HK$8.23 each under general mandate (the "General Mandate Placing") and 17,172,000 placing shares at a placing price of HK$8.23 each under specific mandate (the "Specific Mandate Placing") (collectively referred to as the "Placing").

On 8 November 2013, the Company also entered into a convertible bonds subscription agreement with an independent third party (the "CB Subscriber") pursuant to which the Company has conditionally agreed to issue, and the CB Subscriber has conditionally agreed to subscribe for, the convertible bonds with a principal amount of HK$299,942,350 at a conversion price of HK$8.23 per share (the "CB Subscription"). A maximum of 36,445,000 new ordinary shares will be issued upon full exercise of the conversion rights attached to the convertible bonds.

The General Mandate Placing was completed on 15 November 2013 and 72,070,500 placing shares were issued at a placing price of HK$8.23. The aggregate gross and net proceeds from the General Mandate Placing were approximately HK$593.14 million and approximately HK$570 million, respectively. All the shares issued by the Company ranked pari passu with the then existing shares of the Company in all respects. Details of the completion of the General Mandate Placing are set out in an announcement dated on 15 November 2013.

The maximum aggregate sum raised from the Specific Mandate Placing and CB Subscription will be approximately HK$441.27 million.

The completion of the Specific Mandate Placing and the CB Subscription are subject to the fulfilment of certain conditions. Details of the Placing and the CB Subscription are set out in an announcement dated on 8 November 2013.

LIQUIDITY AND CAPITAL RESOURCES

Under its prudent funding and treasury policies, the Group maintains a variety of credit facilities to meet requirements for working capital. At 30 September 2013, cash, bank balances and deposits stood at approximately HK$1,124 million, of which approximately HK$1,040 million, HK$45 million, HK$12 million, HK$23 million and HK$4 million were denominated in Hong Kong Dollars, Renminbi, Macau Patacas, Singapore Dollars and Japanese Yen respectively. The Group had total borrowings of approximately HK$477 million at the period end of which approximately HK$458 million are repayable within one year. In addition, the Group also has outstanding convertible bonds with a face value of HK$1,163.3 million and a liability component as at 30 September 2013 of HK$177 million. The convertible bonds mature in February 2025.

All of the Group's borrowings, other than the convertible bonds, as at 30 September 2013 bear interest at floating rates and are denominated either in Hong Kong Dollars or Renminbi. The Renminbi borrowings are directly tied in with the Group's business in the Mainland China. The convertible bonds are interest free. The Group's gearing ratio, based on total borrowings of approximately HK$654 million and equity attributable to owners of the Company of around HK$3,028 million, increased from approximately 0.20 at 31 March 2013 to about 0.22 at 30 September 2013.

EMPLOYEES

The Group had 1,712 full-time employees, including the Directors of the Group but excluding contracted casual labour in Macau, as at 30 September 2013. The Group offers competitive remuneration packages based on overall market rates, employee performance, and the performance of the Group. A typical remuneration package consists of salary, a performance-based bonus, and other benefits including training, provident funds and medical coverage. Three share incentive schemes (namely share option scheme, share award scheme and share financing plan) are in place to motivate and reward eligible employees.

PLEDGE OF ASSETS

As at 30 September 2013, the Group pledged property, plant and equipment and bank deposits of approximately HK$88 million and HK$16 million, respectively, and charged the Group's benefits over certain construction contracts to secure the general banking facilities granted to the Group.

CONTINGENT LIABILITIES

Apart from the claim described in note 8, the Group had contingent liabilities in respect of indemnities of approximately HK$331 million given to banks for performance bonds for the account of an associate and joint ventures and contingent liabilities in respect of corporate guarantee of approximately HK$17 million given to a bank for banking facilities granted to an associate as at 30 September 2013.

COMMITMENTS

As at the period end, the Group had expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment and hotel under development of approximately HK$20 million and HK$175 million respectively. The Group also had expenditure authorised for but not contracted in respect of hotel under development of approximately HK$3,605 million.

SECURITIES IN ISSUE

During the period under review, 5,691,176 new shares (adjusted for the effect of share consolidation which took effect on 27 May 2013) were issued as a result of conversion of the 2025 convertible bonds, and share options over 27,325,000 shares were granted with exercise prices of HK$6.80 per share (for options over 26,340,000 shares) and HK$6.90 per share (for options over 985,000 shares).

Pursuant to an ordinary resolution passed by the shareholders at a special general meeting held on 24 May 2013, every ten issued and unissued ordinary shares of HK$0.20 each in the share capital of the Company were consolidated into one consolidated share of HK$2.00 each (the "Share Consolidation"). The Share Consolidation took effect on 27 May 2013.

As at 30 September 2013, there were 360,354,010 shares in issue. Additional shares may be issued by way of: i) exercise of share options of the Company for up to 27,325,000 shares of the Company depending on the fulfilment of certain vesting conditions; ii) exchange for up to 10% of the shares in Falloncroft for up to 88,235,294 shares of the Company depending on the ultimate equity capitalization of Falloncroft and achievement of certain performance targets related to hotel development (the "Exchange Right"); and iii) conversion of the 2025 convertible bonds which would result in the issuance of 174,932,330 shares of the Company upon fully conversion, at the adjusted conversion price of HK$6.65 per share (adjusted as a result of the completion of General Mandate Placing on 15 November 2013).

After the period under review, 72,070,500 shares were issued at HK$8.23 per share under the General Mandate Placing, and share options over 289,000 shares were granted with exercise price of HK$8.10 per share.

Assuming the Specific Mandate Placing and the CB Subscription (as mentioned under the section headed "Events after the Reporting Period") are completed and assuming full conversion of all securities of the Company, the maximum number of issued shares would be 779,493,857, which includes 432,424,510 existing issued shares, 17,172,000 shares to be issued under the Specific Mandate Placing, 27,614,000 shares to be issued upon exercise of shares options, 88,235,294 shares to be issued upon exercise of the Exchange Right, 177,603,053 shares to be issued upon conversion of 2025 convertible bonds at further adjusted conversion price of HK$6.55 per share (to be adjusted upon completion of Specific Mandate Placing and CB Subscription) and 36,445,000 shares to be issued upon conversion of the new convertible bonds.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

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

During the six months ended 30 September 2013, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

OUTLOOK

Hotel Development

The US Federal Reserve's much anticipated tapering of quantitative is dominating markets at the moment. This has sparked a mini-currency crisis in South Asian economies and India with a sharp fall in their currencies relative the US dollar along with poor stock market performance. Rebalancing of the Chinese economy also continues to create uncertainty. The major Chinese banks are planning to raise equity to increase their capital buffers in anticipation of increasing levels of non-performing loans. So far both of these factors have had little effect on Louis XIII.

Macau has continued to perform well in 2013. Macau gross gaming revenues have increased by 16.7% to the end of September year to date.

While market conditions in Macau remain positive, the Group's hotel in Macau will be under development in the current year and will not generate any revenue until it is in operation.

Engineering Business – PYE (51% owned)

Looking ahead, the global economy is expected to grow moderately in short run though the pace of growth may still be modest. Despite the recent encouraging statistics and the positive forecasts released by the advanced economies, global uncertainties remain. It is not clear when the U.S. Federal Reserve will commence tapering. The debt crisis in the Eurozone is still serious although there are signs of bottoming out. Giving that the fiscal and structural reform measures are being implemented in certain Eurozone countries, it will continue to drag on the recovery of the Eurozone and, probably pose a threat to the global economy as well.

In Hong Kong, it is expected that the HKSAR government will continue to maintain its capital expenditures at a high level. The blooming in gaming and entertainment business in Macau will surely trigger more demand in high quality engineering services.

To face the rising cost pressures stemmed from surging labour and other construction costs, the Group will continue to enhance its operational efficiency.

The Group's roadmap is very clear: we shall strive to expand our business activities in Hong Kong and Macau while carefully managing exposure to risk under new contracts.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance because it believes that is the best way to enhance shareholder value. The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2013 and has adopted most of the recommended best practices stated therein.

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the "Audit Committee") include oversight of the Group's financial reporting system and internal control procedures, review of the Group's financial information, and review of the relationship with the external auditor of the Company.

The Audit Committee comprises four independent non-executive directors of the Company, namely:

– Ir James Chiu, *OBE, JP (Chairman of the Audit Committee)*
– Professor Lee Chack Fan, *GBS, SBS, JP*
– Mr Iain Ferguson Bruce
– Mr Francis Goutenmacher

The Group's interim results for the six months ended 30 September 2013 have been reviewed by the Audit Committee and the Company's external auditor.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company.

All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code during the six months ended 30 September 2013.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.LXIII.com and the Stock Exchange's website. The Interim Report for the six months ended 30 September 2013 will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers, and business partners for their continuous support and contributions. I would also like to express my gratitude to my fellow directors for their guidance, and thank all our staff for their dedication and hard work.

On behalf of the Board
Stephen Hung & Peter Lee Coker Jr.
Joint Chairmen

Hong Kong, 22 November 2013

As at the date of this announcement, the directors of the Company are:

Mr Stephen Hung	:	Joint Chairman (Executive Director)
Mr Peter Lee Coker Jr.	:	Joint Chairman (Executive Director)
Mr Lau Ko Yuen, Tom	:	Deputy Chairman (Executive Director)
Mr Walter Craig Power	:	Executive Director & Chief Executive Officer
Ir James Chiu, *OBE, JP*	:	Independent Non-Executive Director
Professor Lee Chack Fan, *GBS, SBS, JP*	:	Independent Non-Executive Director
Mr Iain Ferguson Bruce	:	Independent Non-Executive Director
Mr Francis Goutenmacher	:	Independent Non-Executive Director

* *For identification purpose only*