

---

## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. A copy of each of the Prospectus Documents, together with the document specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix IV to this prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the laws of Hong Kong). A copy of each of the Prospectus Documents has been, or will as soon as reasonably practicable after the Prospectus Posting Date be, filed with the Registrar of Companies in Bermuda in accordance with the Companies Act. The SFC, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of any of the documents referred to the above.

Dealings in the securities of the Company may be settled through CCASS and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

---



### WANG ON GROUP LIMITED

(宏安集團有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

## RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD AT THE RECORD DATE AND TIME WITH BONUS ISSUE ON THE BASIS OF TWO BONUS SHARES FOR EVERY THREE RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE

Financial adviser to Wang On Group Limited



KINGSTON CORPORATE FINANCE LIMITED

Underwriter of the Rights Issue



KINGSTON SECURITIES LIMITED

---

The latest date and time for acceptance of, and payment for, the Rights Shares is at 4:00 p.m. on Thursday, 11 March 2010. The procedures for acceptance and transfer of the Rights Shares are set out in the paragraph headed "Procedures for acceptance and payment or transfer" on pages 21 to 22 of this prospectus.

The Shares have been dealt in on an ex-rights basis since Thursday, 11 February 2010. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 26 February 2010 to Monday, 8 March 2010 (both dates inclusive). It is expected that the conditions referred to in the section headed "Conditions of the Rights Issue and the Bonus Issue" in this prospectus are to be fulfilled on or before 4:00 p.m. on Tuesday, 16 March 2010. **If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall terminate and the Rights Issue and the Bonus Issue will not proceed.** Any person contemplating buying or selling Consolidated Shares from the date of this prospectus and up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Friday, 26 February 2010 and Monday, 8 March 2010 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional adviser.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 6 to 7 of this prospectus.

Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the expenses in connection with the Rights Issue and the Bonus Issue. If the Underwriter exercises such right, the Rights Issue and the Bonus Issue will not proceed.

\* For identification purposes only

24 February 2010

---

## CONTENTS

---

	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>TERMINATION OF THE UNDERWRITING AGREEMENT</b> .....	6
<b>LETTER FROM THE BOARD</b> .....	8
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP</b> ....	II-1
<b>APPENDIX III — SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW</b> .....	III-1
<b>APPENDIX IV — GENERAL INFORMATION</b> .....	IV-1

---

## EXPECTED TIMETABLE

---

Set out below is a timetable for the Rights Issue and the Share Consolidation. The timetable may be subject to change, and any change will be announced in a separate announcement by the Company as and when appropriate:

Original counter for trading in Shares in existing share certificates in board lots of 20,000 Shares temporarily closes .....	9:30 a.m. on Wednesday, 24 February 2010
Temporary counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) opens .....	9:30 a.m. on Wednesday, 24 February 2010
First day of free exchange of existing certificates for the Shares into new certificates for the Consolidated Shares .....	Wednesday, 24 February 2010
First day of dealings in nil-paid Rights Shares .....	Friday, 26 February 2010
Latest time for splitting nil-paid Rights Shares .....	4:30 p.m. on Wednesday, 3 March 2010
Last day of dealings in nil-paid Rights Shares .....	Monday, 8 March 2010
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of Consolidated Shares .....	9:30 a.m. on Wednesday, 10 March 2010
Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (only new certificates for the Consolidated Shares can be traded at this counter) re-opens .....	9:30 a.m. on Wednesday, 10 March 2010
Parallel trading in Consolidated Shares (in the form of both existing and new certificates) commences .....	9:30 a.m. on Wednesday, 10 March 2010
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares .....	4:00 p.m. on Thursday, 11 March 2010
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:00 p.m. on Tuesday, 16 March 2010

---

## EXPECTED TIMETABLE

---

Announcement of results of the Rights Issue . . . . .	Wednesday, 17 March 2010
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . .	Thursday, 18 March 2010
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Thursday, 18 March 2010
Commencement of dealings in fully-paid Rights Shares . . . . .	9:30 a.m. on Monday, 22 March 2010
Temporary counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing certificates) closes . . . . .	4:00 p.m. on Tuesday, 30 March 2010
Parallel trading in the Consolidated Shares (represented by both existing and new certificates) ends . . . . .	4:00 p.m. on Tuesday, 30 March 2010
Designated broker ceases to stand in the market to provide matching service . . . . .	4:00 p.m. on Tuesday, 30 March 2010
Last day of free exchange of existing certificates for the Shares for the new certificates for the Consolidated Shares . . . . .	Thursday, 1 April 2010

All references to times and dates in this prospectus are references to Hong Kong local times and dates.

Dates or deadlines specified herein may be varied or extended by the Company and the Underwriter and are therefore tentative and indicative only. Further announcement(s) will be made by the Company on any changes to the above expected timetable, if and when appropriate.

*Note: The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:*

- (1) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Last Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or*
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.*

*If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take effect on the Last Acceptance Date, the dates mentioned above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.*

---

## DEFINITIONS

---

*In this prospectus, the following expressions have the following meanings unless the context requires otherwise:*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 14 January 2010 in respect of, among other things, the Share Consolidation, the Whitewash Waiver, the Rights Issue and the Bonus Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of the Bonus Shares pursuant to the terms and conditions of the Prospectus Documents
“Bonus Shares”	the bonus Consolidated Shares to be issued (for no additional payment) to the first registered holders of Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue subject to the terms and upon conditions as set out in the Prospectus Documents
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Bye-Laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately following and arising from the Share Consolidation
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares

\* *For identification purposes only*

---

## DEFINITIONS

---

“Excluded Shareholder(s)”	the Overseas Shareholder(s) at the Record Date and Time where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholder(s)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, including but not limited to, Mr. Tang and parties acting in concert with him, who are not involved in, nor interested in, the Underwriting Agreement, the Irrevocable Undertaking and the Whitewash Waiver
“Irrevocable Undertaking”	an irrevocable undertaking dated 12 January 2010 under which Mr. Tang provided the irrevocable undertaking to the Company and the Underwriter as described under the section headed “Irrevocable Undertaking” in this prospectus
“Last Acceptance Date”	Thursday, 11 March 2010, or such later date as may be agreed between the Underwriter and the Company, being the latest date for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares as described in the Prospectus Documents
“Last Trading Day”	12 January 2010, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	22 February 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information for inclusion in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on the Last Acceptance Date or such later time as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents

---

## DEFINITIONS

---

“Latest Time for Termination”	4:00 p.m. on Tuesday, 16 March 2010, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, an executive Director
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company are outside Hong Kong
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which expression shall, for the purpose of this prospectus only, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus Documents”	this prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Wednesday, 24 February 2010, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date and Time, other than the Excluded Shareholders
“Record Date and Time”	5:30 p.m. on Tuesday, 23 February 2010, being the date and time by reference to which entitlements to the Rights Issue were determined
“Registrar”	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“Remaining Untaken Shares”	those (if any) of the Untaken Shares in excess of the 580,000,000 Rights Shares that Mr. Tang has undertaken to subscribe or procure subscription for under the Irrevocable Undertaking
“Rights Issue”	the issue of the Rights Shares (with Bonus Shares) by way of rights issue to the Qualifying Shareholders for subscription on the terms set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	1,631,233,962 Consolidated Shares to be offered to the Qualifying Shareholders for subscription on the basis of three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time pursuant to the Rights Issue

---

## DEFINITIONS

---

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company held at 9:30 a.m. on Tuesday, 23 February 2010 and at which the Shareholders or the Independent Shareholders approved, among other things, the Share Consolidation, the Underwriting Agreement, the Rights Issue, the Bonus Issue and the Whitewash Waiver
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the implementation of the Share Consolidation
“Share Consolidation”	the consolidation of every five Shares of HK\$0.01 each in the capital of the Company into one Consolidated Share of HK\$0.05
“Shareholder(s)”	the holder(s) of the Shares or the Consolidated Shares (as the case may be)
“Share Option(s)”	the option(s) granted by the Company to subscribe for Shares or the Consolidated Shares (as the case may be) pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2002 at the special general meeting of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.185 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 12 January 2010 entered into between the Company and the Underwriter in relation to the Rights Issue and as amended by an amendment agreement dated 14 January 2010
“Underwritten Shares”	706,419,206 Rights Shares (with 470,946,136 Bonus Shares) underwritten by the Underwriter pursuant to the Underwriting Agreement



---

## DEFINITIONS

---

“Untaken Shares”	those (if any) of the Rights Shares for which duly completed PAL(s) (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before Latest Time for Acceptance
“Whitewash Waiver”	a whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code granted by the Executive on 23 February 2010 to waive the obligation of Mr. Tang and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Consolidated Shares and securities of the Company not already owned or agreed to be acquired by Mr. Tang and parties acting in concert with him
“WYTH”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“%”	per cent.

\* For identification purposes only

---

## TERMINATION OF THE UNDERWRITING AGREEMENT

---

### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

---

## TERMINATION OF THE UNDERWRITING AGREEMENT

---

- (6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or this prospectus or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

---

LETTER FROM THE BOARD

---



**WANG ON GROUP LIMITED**

**(宏安集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1222)**

*Executive Directors:*

Mr. Tang Ching Ho (*Chairman*)  
Ms. Yau Yuk Yin (*Deputy Chairman*)  
Mr. Chan Chun Hong, Thomas (*Managing Director*)

*Independent non-executive Directors:*

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*  
Mr. Wong Chun, Justein, *MBE, JP*  
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
Mr. Siu Kam Chau

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal  
place of business:*

5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

24 February 2010

*To the Shareholders and holders of the Share Options*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES  
FOR EVERY ONE CONSOLIDATED SHARE HELD AT THE RECORD DATE AND  
TIME WITH BONUS ISSUE ON THE BASIS OF TWO BONUS SHARES FOR  
EVERY THREE RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE**

**INTRODUCTION**

On 14 January 2010, the Board announced that the Company proposed to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five issued Shares of HK\$0.01 each into one issued Consolidated Share of HK\$0.05 and the consolidation of every five unissued Shares of HK\$0.01 each into one unissued Consolidated Share of HK\$0.05.

*\* For identification purposes only*

---

## LETTER FROM THE BOARD

---

Conditional upon, among other things, the Share Consolidation becoming effective, the Whitewash Waiver being granted by the Executive and passing of the resolution to approve the Share Consolidation by the Shareholders and the resolutions to approve the Underwriting Agreement, the Rights Issue, the Bonus Issue and the Whitewash Waiver by the Independent Shareholders at the SGM, the Company proposed to raise approximately HK\$301.8 million, before expenses, by way of a rights issue of 1,631,233,962 Rights Shares at the subscription price of HK\$0.185 per Rights Share on the basis of three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time and payable in full on acceptance.

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue. On the basis of 1,631,233,962 Rights Shares to be issued under the Rights Issue, 1,087,489,308 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) will be issued.

At the SGM held on 23 February 2010, the necessary resolutions approving the Share Consolidation, the Underwriting Agreement, the Rights Issue, the Bonus Issue and the Whitewash Waiver were duly passed by the Shareholders or the Independent Shareholders (as the case may be) by way of poll. On 23 February 2010, the Executive has granted the Whitewash Waiver. The Share Consolidation became effective at 5:00 p.m. on Tuesday, 23 February 2010.

The purpose of this prospectus is to provide you with, among other things, details of the Rights Issue and the Bonus Issue including information on dealings in and application for the Rights Shares, and certain financial and other information of the Group.

### **RIGHTS ISSUE AND BONUS ISSUE**

The purpose of this prospectus is to provide you with, among other things, details of the Rights Issue and the Bonus Issue.

#### **Issue statistics**

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time and payable in full on acceptance, together with two (2) Bonus Shares for every three (3) Rights Shares taken up
Subscription Price	: HK\$0.185 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	: 2,718,723,270 Shares

---

## LETTER FROM THE BOARD

---

Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	543,744,654 Consolidated Shares
Number of Rights Shares	:	1,631,233,962 Rights Shares
Number of Bonus Shares	:	1,087,489,308* Bonus Shares to be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue
Total Number of Consolidated Shares in issue upon completion of the Rights Issue and the Bonus Issue	:	3,262,467,924* Consolidated Shares
Number of Rights Shares undertaken to be taken up by Mr. Tang	:	Pursuant to the Irrevocable Undertaking, Mr. Tang has irrevocably undertaken, among other things, to subscribe for or procure subscriptions by his associates for the 344,814,756 Rights Shares (with Bonus Shares) to which he and his associates will be entitled to pursuant to the terms of the Rights Issue; and he will apply for or procure applications by his associates, by way of excess application, for an additional 580,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue. The Company will comply with Rule 7.21(a) of the Listing Rules pursuant to which Rights Shares under excess application will be allocated on a fair basis
Number of Rights Shares underwritten by the Underwriter	:	706,419,206 Underwritten Shares not taken up by the Qualifying Shareholders under the Rights Issue are fully underwritten by the Underwriter pursuant to the Underwriting Agreement

\* Assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued.

---

## LETTER FROM THE BOARD

---

The total number of Rights Shares and Bonus Shares of 2,718,723,270 Consolidated Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) represents:

- (i) 500% of the number of Consolidated Shares immediately upon completion of the Share Consolidation (based on the Company's existing issued share capital as at the Latest Practicable Date); and
- (ii) approximately 83.3% of the Company's issued share capital as enlarged by the issue of the Rights Shares and the Bonus Shares.

### **Bonus Issue**

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue.

On the basis of 1,631,233,962 Rights Shares to be issued under the Rights Issue, 1,087,489,308 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) will be issued.

### **Rights of the Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

According to the register of members of the Company as at the Record Date and Time, there was only one Overseas Shareholder whose address is in the Macau Special Administrative Region ("Macau") of the PRC. The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, conducted enquiries regarding the feasibility of extending the Rights Issue and the Bonus Issue to such Overseas Shareholder. The Company has been advised by its legal adviser on the laws of Macau that there is no legal or regulatory restriction under the applicable legislation of Macau or requirement of any relevant regulatory body or stock exchange with respect to the offer of the Rights Issue and the Bonus Issue to the Overseas Shareholder in Macau. On this basis, the Directors believe that the Prospectus Documents would not be required to be registered under the relevant laws and regulations of Macau and may be despatched to relevant Overseas Shareholder with registered address in Macau without any restrictions.

Accordingly, the Directors have decided to extend the Rights Issue and the Bonus Issue to the Overseas Shareholder(s) with registered addresses in Macau and any such Overseas Shareholders, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders. The Company has sent a copy of this prospectus to each of the Excluded Shareholders (if any) for information only, but not PAL or EAF.

---

## LETTER FROM THE BOARD

---

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of this prospectus or any of the related application forms outside Hong Kong and wishing to take up the Rights Shares or Bonus Shares to satisfy himself/herself/itself as to the full observance of the laws of the relevant territory including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional advisers.

### **Rights of the Excluded Shareholders**

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Excluded Shareholders pro-rata to their shareholdings held at the Record Date and Time. In light of the administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

### **Application for excess Rights Shares**

The Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots. The Directors are of the view that such allocation of excess Rights Shares is fair and equitable as all Shareholders who are entitled to Rights Shares are also entitled to apply for excess Rights Shares and no Shareholder is guaranteed any allocation of excess Rights Shares. The Qualifying Shareholders with their Consolidated Shares held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the principles above, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Qualifying Shareholders whose Consolidated Shares are registered in the name of the nominee companies should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually.

Application for excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance



---

## LETTER FROM THE BOARD

---

for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Thursday, 11 March 2010. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Wang On Group Limited — Excess Application Account" and crossed "Account Payee Only".

If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned to such Qualifying Shareholders in full by ordinary post at their own risk to their registered addresses on or before Thursday, 18 March 2010. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money is also expected to be returned to them by ordinary post at their own risk to their registered addresses on or before Thursday, 18 March 2010. All cheques or banker's cashier orders will be presented for payment upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. If the cheque or banker's cashier order is dishonoured on first presentation, the application for excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar.

If the conditions of the Rights Issue are not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed and the monies received in respect of application for excess Rights Shares without interest will be returned to the applicants by means of cheques crossed "Account Payee Only" to be despatched by post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company at the risk of such applicants on or before Thursday, 18 March 2010.

### **Subscription Price**

The Subscription Price is HK\$0.185 per Rights Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 31.48% to the adjusted closing price of HK\$0.27 per Consolidated Share, based on the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 81.22% to the adjusted closing price of HK\$0.985 per Consolidated Share, based on the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;

---

## LETTER FROM THE BOARD

---

- (iii) a discount of approximately 81.50% to the adjusted average closing price of HK\$1.00 per Consolidated Share, based on the average closing price of HK\$0.20 as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 28.02% to the theoretical ex-entitlement price of approximately HK\$0.257 per Consolidated Share after the Rights Issue and the Bonus Issue, based on the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (v) a discount of approximately 93.72% to the unaudited net asset value per Consolidated Share of approximately HK\$2.944 as at 30 September 2009 as adjusted for the Share Consolidation and after taking into account of the net proceeds of approximately HK\$61.3 million from the placing of Shares completed on 3 November 2009.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares and the prevailing market conditions. The Directors consider that the discount would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors consider that the terms of the Rights Issue and the Bonus Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

### **Status of the Rights Shares and the Bonus Shares**

The Rights Shares and the Bonus Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Shares. Dealings in the Rights Shares and the Bonus Shares will be subject to payment of stamp duty in Hong Kong.

### **Certificates of the Rights Shares and the Bonus Shares**

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares and the Bonus Shares are expected to be sent on or before Thursday, 18 March 2010 to those who have accepted and applied for (where appropriate), and paid for the Rights Shares by ordinary post at their own risk. One share certificate each will be issued for all the Rights Shares and the Bonus Shares allotted to an applicant respectively.

### **Fractions of the Rights Shares and the Bonus Shares**

Fractional entitlements to the Rights Shares and the Bonus Shares will not be allotted and will not be issued.

---

## LETTER FROM THE BOARD

---

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Shares. No part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchanges and thus there are no dealing and settlement arrangements on each of such stock exchanges and between such exchanges.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Share which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong. The Rights Shares (in nil-paid form) will be traded in board lots of 20,000 each.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Shares on the Stock Exchange, the Rights Shares and the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms and the fully-paid Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Irrevocable Undertaking**

As at the Latest Practicable Date, Mr. Tang was directly and indirectly through his associates interested in 574,691,264 Shares in aggregate, representing approximately 21.14% of the existing issued share capital of the Company, and thus Mr. Tang and his associates abstained from voting in respect of the resolutions relating to the Underwriting Agreement, the Rights Issue, the Bonus Issue and the Whitewash Waiver at the SGM. Mr. Tang has given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that (1) he will subscribe for or procure subscriptions by his associates for the 344,814,756 Rights Shares (with Bonus Shares) to which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Consolidated Shares (as the case may be) comprising his and his associates' current shareholding will remain registered in the names of them or their respective associates at the close of business at the Record Date and Time as they are on the date of the Irrevocable Undertaking; (3) he will procure that the applications in respect of the 344,814,756 Rights Shares (with Bonus Shares) comprising his and his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance and otherwise in accordance with the instructions printed on the PAL(s); and (4) he will apply for or procure applications by his associates, by way of excess application, for an additional 580,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

---

## LETTER FROM THE BOARD

---

### UNDERWRITING ARRANGEMENT

#### The Underwriting Agreement

Date	:	12 January 2010 (as amended on 14 January 2010)
Underwriter	:	Kingston Securities Limited
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite not less than 706,419,206 Underwritten Shares and not more than 735,665,348 Underwritten Shares not taken up by the Qualifying Shareholders
Commission	:	2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares at the Record Date and Time

As at the Latest Practicable Date, the Underwriter was interested in 2 Shares. The Underwriter and its associates abstained from voting in respect of the resolutions relating to the Underwriting Agreement, the Rights Issue, the Bonus Issue and the Whitewash Waiver at the SGM. To the best of the Directors' knowledge and information, save for its shareholding in the Company disclosed above, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

#### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

---

## LETTER FROM THE BOARD

---

- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or this prospectus or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

### **Conditions of the Rights Issue and the Bonus Issue**

The Rights Issue and the Bonus Issue are conditional upon the following:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date and, if necessary the filing of the Prospectus Documents with the Registrar of Companies in Bermuda in compliance with the Companies Act;

---

## LETTER FROM THE BOARD

---

- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for their information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Shares by no later than the first day of their dealings;
- (4) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (5) the passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM to approve, among others, the Share Consolidation, the Rights Issue, the Bonus Issue, the Whitewash Waiver, and the transactions contemplated hereunder;
- (6) the Share Consolidation having become effective;
- (7) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of Mr. Tang under the Irrevocable Undertaking;
- (9) the Executive granting the Whitewash Waiver under Note 1 on dispensations from Rule 26 of the Takeovers Code of any obligation of Mr. Tang and any parties acting in concert with him to make a general offer for the shares of the Company as a result of the Rights Issue; and
- (10) in the event that the number of Remaining Untaken Shares exceeds 19.9% of the issued share capital of the Company immediately upon the completion of the Rights Issue, the Underwriter successfully procuring subscriber(s): (i) who are third parties independent of, not acting in concert with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) none of whom (together with their respective parties acting in concert with them) will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue, so that all Remaining Untaken Shares are subscribed for.

The conditions are incapable of being waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Underwriting Agreement shall be terminated accordingly and none of the parties shall have any claim against the other save that all such reasonable

---

## LETTER FROM THE BOARD

---

costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company, and the Rights Issue and the Bonus Issue will not proceed.

As at the Latest Practicable Date, condition (9) above was fulfilled.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue and the Bonus Issue are as follows:

	As at the Latest Practicable Date		As at the Record Date and Time and immediately after the Share Consolidation but before completion of the Rights Issue and the Bonus Issue		Immediately after completion of the Rights Issue and the Bonus Issue (all Rights Shares are subscribed by the Qualifying Shareholders) <i>(Note 2)</i>		Immediately after completion of the Rights Issue and the Bonus Issue (except Mr. Tang and Accord Power, none of the Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 2, 3 and 4)</i>	
	Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%
Mr. Tang, Accord Power Limited (“Accord Power”) and their concert parties <i>(Note 1)</i>	574,691,264	21.14	114,938,252	21.14	689,629,512	21.14	1,656,296,178	50.77
<i>Public Shareholders:</i>								
The Underwriter	2	0.00	—	0.00	—	0.00	1,177,365,342	36.09
Other Shareholders (being public Shareholders)	<u>2,144,032,004</u>	<u>78.86</u>	<u>428,806,402</u>	<u>78.86</u>	<u>2,572,838,412</u>	<u>78.86</u>	<u>428,806,402</u>	<u>13.14</u>
<b>Total</b>	<u><u>2,718,723,270</u></u>	<u><u>100.00</u></u>	<u><u>543,744,654</u></u>	<u><u>100.00</u></u>	<u><u>3,262,467,924</u></u>	<u><u>100.00</u></u>	<u><u>3,262,467,922</u></u>	<u><u>100.00</u></u>

*Notes:*

- 1) The above 574,691,264 Shares include (a) 3,892,548 Shares held by Mr. Tang; (b) 3,892,542 Shares held by Ms. Yau Yuk Yin (“Ms. Yau”), an executive Director and the spouse of Mr. Tang; (c) 14,238,426 Shares held by Caister Limited, a company wholly and beneficially owned by Mr. Tang who is also the sole director of Caister Limited; and (d) 552,667,748 Shares held by Accord Power, which is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang’s Family Trust, a discretionary trust of which Mr. Tang was the founder and Ms. Yau is a beneficiary. The directors of Accord Power are Mr. Tang and Mr. Lau King Lung.

---

## LETTER FROM THE BOARD

---

- 2) *The difference in the total number of Consolidated Shares upon completion of the Rights Issue is due to fractional entitlements to the Bonus Shares not being issued.*
- 3) ***This scenario is for illustrative purpose only and will never occur.*** Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Remaining Untaken Shares:
  - (i) *the Underwriter shall not subscribe, for its own account, for such number of Remaining Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon completion of the Rights Issue; and*
  - (ii) *the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Remaining Untaken Shares (which form part of the Underwritten Shares) procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (ii) any subscribers procured by the Underwriter shall not, together with any party acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.*
- 4) *The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.*

### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in property investment and development, management and sub-licensing of wet markets in Hong Kong and the PRC, management and sub-licensing shopping centres and management of agricultural by-products wholesaling business in Hong Kong. It also has interests in the pharmaceutical business through its investments in WYTH.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses, which estimated amount is approximately HK\$7.3 million will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Rights Issue allows the Group to strengthen its balance sheet without facing the increasing interest rates. In addition, as stated in the interim report of the Company for the six months ended 30 September 2009, the Group will allocate more resources towards the property development and property investment segments given the improvement in Hong Kong property market conditions since the beginning of 2009. The net proceeds from the Rights Issue are intended to be used for the Group's property investment and development businesses, details of which are set out below, for, among others, accumulating property for the Group's land bank and/or enlarging the Group's property investment portfolio for future expansion. In July 2009, the Group had acquired a 6-storey factory building with a site area of approximately 17,000 square feet at Yau Tong, Kowloon. In October 2009, the Group further acquired a 3-storey factory building with a site area of approximately 24,000 square feet at a site which is immediately adjacent to the above-mentioned factory building at Yau Tong (together with the acquisition of the above-mentioned factory building at Yau Tong, the "**Yau Tong Project**"). The Group currently intends to demolish both factory buildings and re-develop the combined site into a residential complex. The Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain



---

## LETTER FROM THE BOARD

---

their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. In addition, the Bonus Issue will be as additional incentive for the Shareholders to take part into the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

The Directors (including the independent non-executive Directors having consulted the independent financial adviser) consider that the Rights Issue and the Bonus Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue and the Bonus Issue.

The gross proceeds from the Rights Issue will be approximately HK\$301.8 million. The estimated net proceeds from the Rights Issue will be approximately HK\$294.5 million, of which approximately HK\$40 million is intended to be used for the Group's property investment business and the balance is intended to be used for property development business. In particular, approximately HK\$178 million will be applied for the balance payment of the acquisition consideration and other relevant costs including stamp duties of the Yau Tong Project.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER

Qualifying Shareholders will find enclosed with this prospectus the PALs which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. **If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for the number of the Rights Shares specified in the PALs, the Qualifying Shareholder must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Thursday, 11 March 2010. All remittances must be made by cheques or cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Wang On Group Limited — Rights Issue Account" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Thursday, 11 March 2010, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant assured allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL, the PAL must be surrendered for cancellation by not later than 4:30 p.m. on Wednesday, 3 March 2010 to the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, who will cancel the original PAL and issue new PALs in the denomination required.

---

## **LETTER FROM THE BOARD**

---

The PAL contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier orders accompanying completed PAL will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of a PAL with a cheque and/or a cashier's order will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlements given pursuant to which will be deemed to have been declined and will be cancelled.

The PAL is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Rights Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

### **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS**

As at the Latest Practicable Date, there are outstanding Share Options granted under the Share Option Scheme which entitle the holders thereof to subscribe for 48,743,569 Shares.

The Share Consolidation, Rights Issue and Bonus Issue may lead to adjustments to the exercise price(s) and/or the number of Consolidated Shares (as the case may be) to be issued upon exercise of the Share Options. Such adjustments will be made on the basis that the proportion of the issued ordinary share capital of the Company to which a grantee of share options is entitled shall remain the same before and after such adjustments in accordance with the rules of the Share Option Scheme and the supplementary guidance issued by the Stock Exchange.

The Company will engage an independent financial adviser or its auditors to provide a certificate(s) as to the adjustments required to be made to the terms of the outstanding Share Options as a result of the Share Consolidation, the Rights Issue and the Bonus Issue. The Company will notify the holders of Share Options regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme after receiving the certificate(s).

---

## LETTER FROM THE BOARD

---

### PREVIOUS FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date:

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 October 2009	The new placing	HK\$61.3 million	For the Group's property development business	Approximately HK\$24.8 million has been utilised for financing the Group's property development and the remaining balance will be utilised as intended

### WARNING OF THE RISKS OF DEALINGS IN THE CONSOLIDATED SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfilment of the conditions set out in the section headed "Conditions of the Rights Issue and the Bonus Issue" in this prospectus. In particular, the Rights Issue is conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to Friday, 26 February 2010, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter);
- (ii) the granting of the Whitewash Waiver by the Executive; and
- (iii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed "Termination of the Underwriting Agreement" in this prospectus).

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Consolidated Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Friday, 26 February 2010 to Monday, 8 March 2010 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

---

## LETTER FROM THE BOARD

---

Any Shareholders or other persons contemplating dealing in the Consolidated Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,  
**WANG ON GROUP LIMITED**  
(宏安集團有限公司)\*  
**Chan Chun Hong, Thomas**  
*Managing Director*

\* For identification purposes only

## FINANCIAL SUMMARY

## 1. THREE-YEAR FINANCIAL SUMMARY

The following is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 March 2009 as extracted from the relevant annual reports of the Company.

No qualified opinions were issued by the Company's auditors for each of the three years ended 31 March 2009.

There is no exceptional and extraordinary items during the three years ended 31 March 2009.

## Results

	For the year ended 31 March		
	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>Revenue</b>	<u>459,459</u>	<u>545,882</u>	<u>499,488</u>
<b>Gross profit</b>	<u>133,068</u>	<u>161,325</u>	<u>118,997</u>
<b>Profit before tax</b>	<u>91,630</u>	<u>122,577</u>	<u>96,432</u>
Tax	<u>(11,480)</u>	<u>(25,963)</u>	<u>(13,254)</u>
<b>Profit for the year</b>			
Attributable to:			
Equity holders of the parent	55,409	96,089	83,170
Minority interests	<u>24,741</u>	<u>525</u>	<u>8</u>
	<u>80,150</u>	<u>96,614</u>	<u>83,178</u>
<b>Dividends</b>			
Additional final dividend for 2006	—	—	126
Interim	—	10,319	7,073
Proposed final	<u>11,329</u>	<u>7,868</u>	<u>19,540</u>
	<u>11,329</u>	<u>18,187</u>	<u>26,739</u>
<b>Dividends per ordinary share</b>			
Additional final dividend for 2006	<u>—</u>	<u>—</u>	<u>HK0.32 cents</u>
Interim	<u>—</u>	<u>HK4.00 cents</u>	<u>HK0.15 cents</u>
Proposed final	<u>HK0.50 cents</u>	<u>HK2.50 cents</u>	<u>HK0.33 cents</u>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic	<u>HK16.70 cents</u>	<u>HK38.71 cents</u>	<u>HK1.76 cents</u>
Diluted	<u>HK16.70 cents</u>	<u>HK35.63 cents</u>	<u>HK1.58 cents</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

	<b>As at 31 March</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets and liabilities</b>			
Non-current assets	1,089,984	1,291,413	951,043
Current assets	<u>817,728</u>	<u>740,561</u>	<u>783,171</u>
<b>Total assets</b>	<u><u>1,907,712</u></u>	<u><u>2,031,974</u></u>	<u><u>1,734,214</u></u>
Current liabilities	241,949	582,055	531,899
Non-current liabilities	<u>313,583</u>	<u>209,704</u>	<u>160,009</u>
<b>Total liabilities</b>	<u><u>555,532</u></u>	<u><u>791,759</u></u>	<u><u>691,908</u></u>
<b>Equity</b>			
Equity attributable to equity holders of the parent	1,351,783	1,182,569	1,041,834
Minority interests	<u>397</u>	<u>57,646</u>	<u>472</u>
	<u><u>1,352,180</u></u>	<u><u>1,240,215</u></u>	<u><u>1,042,306</u></u>

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 MARCH 2009

Set out below are the audited consolidated financial statements of the Group for the two years ended 31 March 2009 which are published in the Company's annual report 2009:

### Consolidated Income Statement

Year ended 31 March 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>REVENUE</b>	5	459,459	545,882
Cost of sales		<u>(326,391)</u>	<u>(384,557)</u>
Gross profit		133,068	161,325
Other income and gains	5	23,045	97,329
Selling and distribution costs		(4,713)	(10,548)
Administrative expenses		(98,752)	(104,427)
Other expenses		(72,561)	(45,222)
Finance costs	7	(8,692)	(14,906)
Gain on disposal of subsidiaries	38(c)	170,881	—
Fair value gains on revaluation of investment properties, net	16	4,581	11,383
Share of profits and losses of associates		<u>(55,227)</u>	<u>27,643</u>
<b>PROFIT BEFORE TAX</b>	6	91,630	122,577
Tax	10	<u>(11,480)</u>	<u>(25,963)</u>
<b>PROFIT FOR THE YEAR</b>		<u>80,150</u>	<u>96,614</u>
Attributable to:			
Equity holders of the parent	11	55,409	96,089
Minority interests		<u>24,741</u>	<u>525</u>
		<u>80,150</u>	<u>96,614</u>
<b>DIVIDENDS</b>	12		
Interim		—	10,319
Proposed final		<u>11,329</u>	<u>7,868</u>
		<u>11,329</u>	<u>18,187</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	13		(Restated)
Basic		<u>HK16.70 cents</u>	<u>HK38.71 cents</u>
Diluted		<u>HK16.70 cents</u>	<u>HK35.63 cents</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP****Consolidated Balance Sheet**

31 March 2009

		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	16,849	160,884
Prepaid land lease payments	15	3,171	177,902
Investment properties	16	536,136	555,199
Goodwill	18	1,376	7,820
Interests in associates	20	216,625	305,825
Held-to-maturity financial assets	22	4,114	1,943
Other intangible asset	23	18,180	24,240
Loans receivable	26	281,241	12,989
Rental deposits paid	26	11,737	4,595
Deposits for the acquisition of investment properties and associates		—	35,674
Deferred tax assets	34	555	4,342
Total non-current assets		<u>1,089,984</u>	<u>1,291,413</u>
<b>CURRENT ASSETS</b>			
Properties held for sale	24	262,272	27,885
Properties under development	17	—	288,405
Trade receivables	25	4,498	4,101
Prepayments, deposits and other receivables	26	46,720	43,190
Financial assets at fair value through profit or loss	27	20,424	45,278
Tax recoverable		107	883
Cash and cash equivalents	28	483,707	330,819
Total current assets		<u>817,728</u>	<u>740,561</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	29	18,076	24,624
Other payables and accruals	30	20,542	128,423
Deposits received and receipts in advance		73,359	50,038
Derivative financial instruments	31	—	2,338
Interest-bearing bank loans	32	121,948	347,115
Provisions for onerous contracts	33	1,960	1,690
Tax payable		6,064	27,827
Total current liabilities		<u>241,949</u>	<u>582,055</u>
<b>NET CURRENT ASSETS</b>		<u>575,779</u>	<u>158,506</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,665,763</u>	<u>1,449,919</u>



**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	32	310,137	199,118
Provisions for onerous contracts	33	250	1,960
Deferred tax liabilities	34	<u>3,196</u>	<u>8,626</u>
Total non-current liabilities		<u>313,583</u>	<u>209,704</u>
Net assets		<u>1,352,180</u>	<u>1,240,215</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital	35	3,776	32,051
Reserves	37(a)	1,336,678	1,142,650
Proposed final dividend	12	<u>11,329</u>	<u>7,868</u>
		<u>1,351,783</u>	<u>1,182,569</u>
<b>Minority interests</b>		<u>397</u>	<u>57,646</u>
Total equity		<u>1,352,180</u>	<u>1,240,215</u>

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**
**Consolidated Statement of Changes in Equity**
*Year ended 31 March 2009*

Notes	Attributable to equity holders of the parent												Minority interests	Total equity
	Equity component													
	Issued capital	Share premium account	Contributed surplus	convertible notes	Share option reserve	Exchange fluctuation reserve	Warrant reserve	Other reserve	Retained profits	Proposed final dividend	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2007	29,418	549,612	106,329	5,653	7,633	378	—	—	323,271	19,540	1,041,834	472	1,042,306	
Final 2007 dividend declared	—	—	—	—	—	—	—	—	—	(19,540)	(19,540)	—	(19,540)	
	29,418	549,612	106,329	5,653	7,633	378	—	—	323,271	—	1,022,294	472	1,022,766	
Exchange realignment	—	—	—	—	—	22,789	—	—	—	—	22,789	4,056	26,845	
Profit for the year	—	—	—	—	—	—	—	—	96,089	—	96,089	525	96,614	
Total income and expense for the year	—	—	—	—	—	22,789	—	—	96,089	—	118,878	4,581	123,459	
Conversion of convertible notes	35	2,640	49,712	(5,653)	—	—	—	—	—	—	46,699	—	46,699	
Exercise of share options	35	896	7,798	—	—	—	—	—	—	—	8,694	—	8,694	
Repurchases of shares	35	(903)	(20,603)	—	—	—	—	—	—	—	(21,506)	—	(21,506)	
Share of changes in reserves of associates	—	—	—	—	—	—	—	13,425	—	—	13,425	—	13,425	
Acquisition of a subsidiary	38(b)	—	—	—	—	—	—	—	—	—	—	24,402	24,402	
Capital contribution from a minority shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	28,191	28,191	
Issuance of warrants	35	—	—	—	—	—	4,500	—	—	—	4,500	—	4,500	
Share issue expenses	35	—	(160)	—	—	—	—	—	—	—	(160)	—	(160)	
Equity-settled share option arrangements	36	—	—	—	64	—	—	—	—	—	64	—	64	
Interim 2008 dividend	12	—	—	—	—	—	—	—	(10,319)	—	(10,319)	—	(10,319)	
Proposed final 2008 dividend	12	—	—	—	—	—	—	—	(7,868)	7,868	—	—	—	
At 31 March 2008	32,051	586,359*	106,329*	—	7,697*	23,167*	4,500*	13,425*	401,173*	7,868	1,182,569	57,646	1,240,215	
At 1 April 2008	32,051	586,359*	106,329*	—	7,697*	23,167*	4,500*	13,425*	401,173*	7,868	1,182,569	57,646	1,240,215	
Final 2008 dividend declared	—	—	—	—	—	—	—	—	—	(7,868)	(7,868)	—	(7,868)	
	32,051	586,359	106,329	—	7,697	23,167	4,500	13,425	401,173	—	1,174,701	57,646	1,232,347	
Exchange realignment	—	—	—	—	—	8,678	—	—	—	—	8,678	2,301	10,979	
Profit for the year	—	—	—	—	—	—	—	—	55,409	—	55,409	24,741	80,150	
Total income and expense for the year	—	—	—	—	—	8,678	—	—	55,409	—	64,087	27,042	91,129	
Exercise of share options	35	488	4,250	—	—	—	—	—	—	—	4,738	—	4,738	
Share of changes in reserves of associates	—	—	—	—	—	—	—	(3,500)	—	—	(3,500)	—	(3,500)	
Disposal of subsidiaries	38(c)	—	—	—	—	(20,481)	—	—	—	—	(20,481)	(84,291)	(104,772)	
Placement of new shares	35	14,663	121,934	—	—	—	—	—	—	—	136,597	—	136,597	
Capital reduction	35	(43,426)	—	43,426	—	—	—	—	—	—	—	—	—	
Share issue expenses	35	—	(4,584)	—	—	—	—	—	—	—	(4,584)	—	(4,584)	
Expiry of warrants	35	—	—	—	—	—	(4,500)	—	4,500	—	—	—	—	
Equity-settled share option arrangements	36	—	—	—	225	—	—	—	—	—	225	—	225	
Proposed final 2009 dividend	12	—	—	—	—	—	—	—	(11,329)	11,329	—	—	—	
At 31 March 2009	3,776	707,959*	149,755*	—	7,922*	11,364*	—	9,925*	449,753*	11,329	1,351,783	397	1,352,180	

\* These reserve accounts comprise the consolidated reserves of HK\$1,336,678,000 (2008: HK\$1,142,650,000) in the consolidated balance sheet.

**Consolidated Cash Flow Statement***Year ended 31 March 2009*

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		91,630	122,577
Adjustments for:			
Finance costs	7	8,692	14,906
Share of profits and losses of associates		55,227	(27,643)
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss	6	39,208	6,663
Derivative financial instruments	6	(2,338)	2,338
Bank interest income and interest income from unlisted investment and loans receivable		(5,195)	(10,430)
Dividend income from listed securities	5	(1,568)	(404)
Gain on disposal of a land use right	5	—	(62,969)
Gain on disposal of subsidiaries	38(c)	(170,881)	—
Excess over the cost of a business combination	5	(2,064)	—
Recognition of a deferred gain	5	(902)	(799)
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net	5,6	3,956	(11,522)
Loss on disposal of investment properties		20	—
Loss on partial/deemed disposal of an associate	6	31,764	4,855
Depreciation	6	7,495	7,850
Amortisation of other intangible asset	6	6,060	6,060
Amortisation of prepaid land lease payments	6	1,159	712
Amount provided/(released) for onerous contracts, net	6	(1,440)	3,281
Loss on disposal and write-off of items of property plant and equipment	5,6	—	51
Loss on liquidation of a subsidiary		442	—
Impairment of a land use right	6	—	9,700
Impairment of goodwill	6	—	11,558
Reversal of impairment of trade and other receivables, net		(491)	(174)
Accrued rent-free rental income	16	512	82
Fair value gains on revaluation of investment properties, net	16	(4,581)	(11,383)
Equity-settled share option expense	6	225	64
		<u>56,930</u>	<u>65,373</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease in properties held for sale		86,319	211,504
Increase in properties under development		(27,861)	(48,354)
Decrease in trade receivables, prepayments, deposits and other receivables		24,376	9,507
Increase/(decrease) in trade payables		(4,148)	1,378
Increase/(decrease) in other payables and accruals		(1,463)	75,032
Increase/(decrease) in deposits received and receipts in advance		<u>21,966</u>	<u>(31,876)</u>
Cash generated from operations		156,119	282,564
Profits tax paid		<u>(15,670)</u>	<u>(13,332)</u>
Net cash inflow from operating activities		<u>140,449</u>	<u>269,232</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		4,710	10,490
Dividend income from listed securities		1,568	404
Decrease/(increase) in amounts due from/loans to associates		928	(2,180)
Loan to LeRoi		(40,000)	—
Acquisition of subsidiaries	38(b)	(61,832)	3,044
Acquisition of a jointly-controlled entity		—	(12,285)
Additional investment in associates		(26,318)	(43,756)
Proceeds from disposal of a land use right		—	240,000
Proceeds from disposal of subsidiaries	38(c)	309,263	—
Purchases of investment properties		(52,858)	(201,113)
Purchases of property, plant and equipment		(79,536)	(147,034)
Purchases of held-to-maturity financial assets		(4,156)	(1,943)
Purchases of financial assets at fair value through profit or loss		(44,360)	(83,942)
Proceeds from disposal of investment properties		27,980	—
Proceeds from disposal of items of property, plant and equipment		246	1,939
Receipt of government grants		82	2,217
Prepayment of land lease payments		(405)	(345,929)
Proceeds from disposal of held-to-maturity financial assets		1,986	—
Proceeds from disposal of financial assets at fair value through profit or loss		26,050	90,290
Proceeds from partial disposal of an associate		—	96,050

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits paid for the acquisition of investment properties and associates		—	(35,674)
Decrease in pledged deposits		—	78,000
Net cash inflow/(outflow) from investing activities		<u>63,348</u>	<u>(351,422)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(11,776)	(22,339)
Dividends paid		(7,868)	(29,859)
Proceeds from issue of shares upon exercise of share options	35	4,738	8,694
Proceeds from placement of shares		71,127	—
Proceeds from issue of warrants	35	—	4,500
Capital contribution from a minority shareholder of a subsidiary		—	28,191
Share issue expenses	35	(4,584)	(160)
Repurchases of shares	35	—	(21,506)
Repayment of bank loans		(439,054)	(380,760)
New bank loans		<u>335,276</u>	<u>428,769</u>
Net cash inflow/(outflow) from financing activities		<u>(52,141)</u>	<u>15,530</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		151,656	(66,660)
Cash and cash equivalents at beginning of year		330,819	388,584
Effect of foreign exchange rate changes, net		<u>1,232</u>	<u>8,895</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>483,707</u></u>	<u><u>330,819</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	28	191,735	81,307
Non-pledged time deposits with original maturity of less than three months when acquired	28	<u>291,972</u>	<u>249,512</u>
		<u><u>483,707</u></u>	<u><u>330,819</u></u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP****Balance Sheet**

31 March 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Interests in subsidiaries	19	1,313,955	1,191,421
Interests in associates	20	252	2,089
Held-to-maturity financial assets	22	<u>4,114</u>	<u>1,943</u>
Total non-current assets		<u>1,318,321</u>	<u>1,195,453</u>
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables	26	1,973	980
Financial assets at fair value through profit or loss	27	3,569	14,471
Cash and cash equivalents	28	<u>376,201</u>	<u>224,347</u>
Total current assets		<u>381,743</u>	<u>239,798</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	30	3,698	69,644
Interest-bearing bank loans	32	<u>105,300</u>	<u>133,275</u>
Total current liabilities		<u>108,998</u>	<u>202,919</u>
<b>NET CURRENT ASSETS</b>		<u>272,745</u>	<u>36,879</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,591,066</u>	<u>1,232,332</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	32	<u>160,175</u>	<u>117,975</u>
Net assets		<u>1,430,891</u>	<u>1,114,357</u>
<b>EQUITY</b>			
Issued capital	35	3,776	32,051
Reserves	37(b)	<u>1,427,115</u>	<u>1,082,306</u>
Total equity		<u>1,430,891</u>	<u>1,114,357</u>

**Notes to Financial Statements***31 March 2009***1. CORPORATE INFORMATION**

Wang On Group Limited (the “Company”) is a limited liability company incorporated in Bermuda, and both its head office and principal place of business are located at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Company, its subsidiaries and jointly-controlled entities (collectively referred to as the “Group”) were involved in the following principal activities:

- property development
- property investment
- management and sub-licensing of Chinese wet markets, shopping centres and car parks
- operations and management of agricultural by-products wholesale markets
- trading of agricultural by-products

**2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “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, derivative financial instruments and certain equity investments, which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

**BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company, its subsidiaries and jointly-controlled entity for the year ended 31 March 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The assets, liabilities, income and expenses of jointly-controlled entity are proportionally consolidated from the date on which joint control is established and obtained by the Group, and continue to be proportionally consolidated until the date that such joint control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

## 2.2 IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures — Reclassification of Financial Assets</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	HKAS 19 — <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) **Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets***

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.



The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) **HK(IFRIC)-Int 12 *Service Concession Arrangements***

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for the obligations undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(c) **HK(IFRIC)-Int 14 HKAS 19 — *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

### 2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements</i> — <i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> <sup>1</sup>
HKFRS 1 (Revised)	First-time adoption of HKFRSs <sup>2</sup>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment — Vesting Conditions and Cancellations</i> <sup>1</sup>
HKFRS 3 (Revised)	<i>Business Combinations</i> <sup>2</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures</i> — <i>Improving Disclosures about Financial Instruments</i> <sup>1</sup>
HKFRS 8	<i>Operating Segments</i> <sup>1</sup>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> <sup>1</sup>
HKAS 23 (Revised)	<i>Borrowing Costs</i> <sup>1</sup>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> <sup>2</sup>

HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation</i> <sup>1</sup>
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i> <sup>2</sup>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement — Embedded Derivatives</i> <sup>3</sup>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> <sup>4</sup>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> <sup>1</sup>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> <sup>5</sup>
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> <sup>2</sup>
HK(IFRIC)-Int 18	<i>Transfer of Assets from Customers</i> <sup>6</sup>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs\** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods ending on or after 30 June 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>5</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>6</sup> Effective for transfers of assets received on or after 1 July 2009

\* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### SUBSIDIARIES

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

### **JOINT VENTURES**

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;
- (c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and neither has joint control of, nor is in a position to exercise significant influence over, the joint venture.

### **JOINTLY-CONTROLLED ENTITIES**

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Gain or loss arising from assets contributed or sold by the Group to its jointly-controlled entities recognised in the consolidated income statement to the extent that such gain or loss is attributable to the interests of other venturers when significant risks and rewards of ownership of the assets have been passed to the jointly-controlled entities and the assets are retained by the jointly-controlled entities.

## **ASSOCIATES**

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Deferred gain represents the unrealised profit resulting from downstream transactions with an associate eliminated to the extent of the Group's interest in that associate. Deferred gain is recognised in the consolidated balance sheet as part of the Group's interests in associates.

## **GOODWILL**

Goodwill arising on the acquisition of subsidiaries and a jointly-controlled entity represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### ***GOODWILL PREVIOUSLY ELIMINATED AGAINST CONSOLIDATED RESERVES***

Prior to the adoption the HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated reserves in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

#### **EXCESS OVER THE COST OF BUSINESS COMBINATIONS**

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for associates is included in the Group's share of the associates' profits or losses in the period in which the investments are acquired.

#### **IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### **INTANGIBLE ASSETS (OTHER THAN GOODWILL)**

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

#### ***MARKETPLACE OPERATING RIGHT***

Purchased marketplace operating right is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

#### **RELATED PARTIES**

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);

- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	5%
Leasehold improvements	15% to 33% or over the lease term
Plant and machinery	15% to 50%
Furniture, fixtures and office equipment	15% to 50%
Motor vehicles	20%
Computer equipment	15% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents an agricultural by-products wholesale market under construction, includes land costs, construction expenditure and other direct costs, including borrowing costs, attributable to the market. They are stated at cost less any impairment losses, and are not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

**INVESTMENT PROPERTIES**

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

**OPERATING LEASES**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

**PROPERTIES UNDER DEVELOPMENT**

Properties under development are stated at the lower of cost and net realisable value and comprises of construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been intended for sale and which are not expected to be completed within 12 months from the balance sheet date are classified as non-current assets, whereas properties under development which have been intended for sale and which are expected to be completed within 12 months from the balance sheet date are classified as current assets. On completion, the properties are transferred to properties held for sale.

**PROPERTIES HELD FOR SALE**

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.



**INVESTMENTS AND OTHER FINANCIAL ASSETS**

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative is not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

***FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS***

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policy set out for “Revenue recognition” below.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that the separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

***LOANS AND RECEIVABLES***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

***HELD-TO-MATURITY INVESTMENTS***

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

***FAIR VALUE***

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

***IMPAIRMENT OF FINANCIAL ASSETS***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

***ASSETS CARRIED AT AMORTISED COST***

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

### ***ASSETS CARRIED AT COST***

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

### **DERECOGNITION OF FINANCIAL ASSETS**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing

involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **FINANCIAL LIABILITIES AT AMORTISED COST (INCLUDING INTEREST-BEARING LOANS AND BORROWINGS)**

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

#### **FINANCIAL GUARANTEE CONTRACTS**

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

#### **DERECOGNITION OF FINANCIAL LIABILITIES**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

#### **DERIVATIVE FINANCIAL INSTRUMENTS**

The Group uses derivative financial instruments such as equity accumulator contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement.

The fair value of equity accumulator contracts is calculated by reference to equity prices of the underlying instruments.

### **CASH AND CASH EQUIVALENTS**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

### **PROVISIONS**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in the income statement.

Provision for onerous contracts represents provision for lease contracts for certain Hong Kong properties and projects where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. Provisions for onerous contracts are recognised based on the difference between the rental payments receivable by the Group and those unavoidable rental payments payable by the Group under the contracts, together with any compensation or penalties arising from the failure to fulfill the contracts, discounted to their present value as appropriate.

### **INCOME TAX**

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**GOVERNMENT GRANTS**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

**REVENUE RECOGNITION**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) rental and sub-licensing fee income, on a time proportion basis over the lease terms;
- (b) from the provision of services, when the services are rendered;
- (c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (d) from the sale of properties, when the sale agreement becomes unconditional;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (f) income from the sale of listed securities, on the trade dates; and
- (g) dividend income, where the shareholders' right to receive payment has been established.

**SHARE-BASED PAYMENT TRANSACTIONS**

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## **OTHER EMPLOYEE BENEFITS**

### ***PENSION SCHEMES***

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries and jointly-controlled entities in Mainland China are required to participate in a central pension scheme (the “PRC Pension Scheme”) operated by the local municipal government. These subsidiaries and jointly-controlled entities are required to contribute certain percentage of their payroll costs to the PRC Pension Scheme. The only obligation of the Group with respect to the PRC Pension Scheme is to pay the ongoing contributions under the PRC Pension Scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the PRC Pension Scheme.



**BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

**DIVIDENDS**

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because by-law 140 of the Company's byelaws grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**FOREIGN CURRENCIES**

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines their own functional currencies and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and an associate are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries and the jointly-controlled entities are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and the jointly-controlled entities which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

#### **JUDGEMENTS**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

#### ***OPERATING LEASE COMMITMENTS — GROUP AS LESSOR***

The Group has entered into leases on its investment property portfolio. The Group has determined, based on an evaluation of terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### ***DEFERRED TAX ASSETS***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are continued in note 34 to the financial statements.

#### **ESTIMATION UNCERTAINTY**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***IMPAIRMENT OF GOODWILL***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in note 18.

***IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)***

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

***IMPAIRMENT OF PROPERTIES UNDER DEVELOPMENT***

The Group assesses the recoverable amount of each property under development based on its value in use or net selling price, depending on the anticipated future plans for the property. Estimating the value in use of an asset involves estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows.

***ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES***

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

***USEFUL LIVES AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT***

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

#### ***ALLOWANCE ON TRADE AND OTHER RECEIVABLES***

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectibility and the aged analysis of the outstanding receivables and on management's estimation. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

#### ***PRC CORPORATE INCOME TAX ("CIT")***

The Group is subject to income taxes in the People's Republic of China (the "PRC"). As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

#### **4. SEGMENT INFORMATION**

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment invests in industrial and commercial premises and residential units for rental income;
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;
- (d) the shopping centres and car parks segment engages in the management and sub-licensing of shopping centres and car parks;

- (e) the agricultural by-products wholesale markets segment engages in the operations and management of agricultural by-products wholesale markets;
- (f) the trading of agricultural by-products segment engages in the wholesale and retail of agricultural by-products; and
- (g) the corporate and others segment comprises the Group's management service business. This segment also includes corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## (a) BUSINESS SEGMENTS

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural by-products wholesale markets		Trading of agricultural by-products		Corporate and others		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>																		
Sales to external customers	129,630	312,846	13,421	11,019	168,335	148,136	13,378	12,893	48,639	34,395	86,004	22,606	52	3,987	—	—	459,459	545,882
Intersegment sales	—	—	—	—	—	—	240	440	—	—	—	—	10,745	19,544	(10,985)	(19,984)	—	—
Gain on disposal of subsidiaries	15,661	—	—	—	—	—	—	—	153,220	—	—	—	—	—	—	—	170,881	—
Gain on disposal of a land use right	—	62,969	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	62,969
Fair value gains/(losses) on investment properties	—	—	(58,601)	9,567	2,040	1,901	—	—	61,142	(85)	—	—	—	—	—	—	4,581	11,383
Other revenue	8	8	2,218	47	3,098	3,572	385	515	5,607	4,825	1	127	7,746	17,389	(1,213)	(2,553)	17,850	23,930
<b>Total</b>	<b>145,299</b>	<b>375,823</b>	<b>(42,962)</b>	<b>20,633</b>	<b>173,473</b>	<b>153,609</b>	<b>14,003</b>	<b>13,848</b>	<b>270,608</b>	<b>39,135</b>	<b>86,005</b>	<b>22,733</b>	<b>18,543</b>	<b>40,920</b>	<b>(12,198)</b>	<b>(22,537)</b>	<b>652,771</b>	<b>644,164</b>
<b>Segment results</b>	<b>27,404</b>	<b>112,534</b>	<b>(44,969)</b>	<b>14,783</b>	<b>29,525</b>	<b>13,032</b>	<b>3,650</b>	<b>2,283</b>	<b>223,756</b>	<b>(583)</b>	<b>(1,936)</b>	<b>446</b>	<b>(81,054)</b>	<b>(40,112)</b>	<b>(6,022)</b>	<b>(2,973)</b>	<b>150,354</b>	<b>99,410</b>
Interest income																	5,195	10,430
Finance costs																	(8,692)	(14,906)
Share of profits and losses of associates																	(65,227)	27,643
Profit before tax																	91,630	122,577
Tax																	(11,480)	(25,963)
Profit for the year																	80,150	96,614

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural by-products wholesale markets		Trading of agricultural by-products		Corporate and others		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
<b>Assets and liabilities</b>																		
Segment assets	720,229	751,325	750,436	436,214	223,495	198,402	43,429	47,072	33,384	432,077	6,809	5,690	3,234,582	2,462,613	(3,321,832)	(2,611,586)	1,690,532	1,721,807
Interests in associates	—	—	—	—	—	—	—	—	—	—	—	—	216,625	305,825	—	—	216,625	305,825
Deferred tax assets	—	3,062	190	244	365	1,036	—	—	—	—	—	—	—	—	—	—	555	4,342
Total assets																	1,907,712	2,031,974
Segment liabilities	718,425	570,813	652,038	292,567	203,101	198,666	7,690	15,030	76,819	352,326	8,872	5,254	1,769,074	1,386,003	(3,321,832)	(2,611,586)	114,187	209,073
Interest-bearing bank loans	—	150,650	166,610	94,904	—	—	—	—	—	49,429	—	—	265,475	251,250	—	—	432,085	546,233
Tax payable	715	9,433	59	949	1,818	739	80	210	185	2,079	79	106	3,128	14,311	—	—	6,064	27,827
Deferred tax liabilities	—	—	2,472	8,593	408	—	—	—	—	—	—	—	316	33	—	—	3,196	8,626
Total liabilities																	555,532	791,759
<b>Other segment information:</b>																		
Depreciation and amortisation	1,294	796	9	12	5,687	6,727	8	11	7,198	6,669	47	7	773	840	—	—	15,016	15,062
Impairment losses recognised in the income statement	—	14,925	—	—	458	—	—	70	—	—	—	—	—	6,333	—	—	458	21,328
Capital expenditure	589	181,641	71,045	118,357	1,731	16,405	—	—	84,800	210,128	1	248	171	1,392	—	—	158,337	528,171

## (b) GEOGRAPHICAL SEGMENTS

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	Hong Kong		Mainland china		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	<u>417,753</u>	<u>518,813</u>	<u>41,706</u>	<u>27,069</u>	<u>—</u>	<u>—</u>	<u>459,459</u>	<u>545,882</u>
<b>Other segment information:</b>								
Segment assets	5,030,960	3,807,212	198,584	836,348	(3,321,832)	(2,611,586)	1,907,712	2,031,974
Capital expenditure	<u>73,004</u>	<u>136,341</u>	<u>85,333</u>	<u>391,830</u>	<u>—</u>	<u>—</u>	<u>158,337</u>	<u>528,171</u>



## 5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents sub-licensing and management fee income received and receivable; the invoiced value of goods sold, after allowances for returns and trade discounts; the invoiced value of services rendered; the gross rental income received and receivable from investment properties and proceeds from the sale of properties during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Sub-licensing fee income	165,646	145,024
Property management fee income	16,591	16,609
Sale of goods	86,004	22,606
Rendering of services	52	3,781
Gross rental income	61,536	43,366
Sale of properties	<u>129,630</u>	<u>314,496</u>
	<u>459,459</u>	<u>545,882</u>
<b>Other income</b>		
Bank interest income	3,217	8,189
Interest income from unlisted investments	378	1,195
Interest income from loans receivable	1,600	1,046
Dividend income from listed securities	1,568	404
Land resumption compensation	4,259	—
Management fee income	1,914	2,190
Others	<u>7,143</u>	<u>5,757</u>
	<u>20,079</u>	<u>18,781</u>
<b>Gains</b>		
Gain on disposal of a land use right	—	62,969
Gain on disposal of financial assets at fair value through profit or loss, net	—	11,522
Exchange gains, net	—	3,242
Recognition of a deferred gain	902	799
Gain on disposal of items of property, plant and equipment	—	16
Excess over the cost of a business combination ( <i>note 38(b)</i> )	<u>2,064</u>	<u>—</u>
	<u>2,966</u>	<u>78,548</u>
Other income and gains	<u>23,045</u>	<u>97,329</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		<b>Group</b>	
		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration		2,200	2,700
Cost of inventories sold		86,401	21,775
Cost of services provided		151,413	150,921
Cost of properties sold		88,577	211,861
Depreciation	14	7,797	8,290
Less: Government grants released <sup>#</sup>		<u>(302)</u>	<u>(440)</u>
		<u>7,495</u>	<u>7,850</u>
Minimum lease payments under operating leases in respect of land and buildings		99,008	90,586
Amortisation of prepaid land lease payments	15	1,159	712
Amortisation of other intangible asset	23	6,060	6,060
Employee benefit expense (including directors' remuneration — <i>note 8</i> ):			
Wages and salaries		68,192	63,398
Pension scheme contributions		1,528	2,992
Equity-settled share option expense		225	64
Less: Amount capitalised		<u>—</u>	<u>(1,478)</u>
		<u>69,945</u>	<u>64,976</u>
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss*		39,208	6,663
Derivative financial instruments*		(2,338)	2,338
Compensation paid to a minority shareholder of a subsidiary*		—	9,971
Impairment of goodwill*	18	—	11,558
Impairment of a land use right*	15	—	9,700
Loss on disposal and write-off of items of property, plant and equipment*		—	67
Loss on disposal of financial assets at fair value through profit or loss, net*		3,956	—
Loss on partial/deemed disposal of an associate*		31,764	4,855
Amount provided/(released) for onerous contracts, net	33	(1,440)	3,281
Net rental income		<u>(53,186)</u>	<u>(33,771)</u>

\* These expenses are included in "Other expenses" on the face of the consolidated income statement.

- # Certain government grants have been received for renovating and upgrading certain Chinese wet markets operated by the Group's jointly-controlled entity in Shenzhen, the PRC. The government grants released have been deducted from the depreciation cost to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income under other payables and accruals in the balance sheet. There are no unfulfilled conditions or contingencies relating to these grants.

## 7. FINANCE COSTS

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on convertible notes	—	1,144
Interest on bank loans and overdrafts	<u>13,134</u>	<u>24,490</u>
Total interest	13,134	25,634
Less: Interest capitalised	<u>(4,442)</u>	<u>(10,728)</u>
	<u><u>8,692</u></u>	<u><u>14,906</u></u>

## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	<u>771</u>	<u>771</u>
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	9,857	10,067
Performance related bonuses*	2,016	1,944
Equity-settled share option expense	42	12
Pension scheme contributions	<u>86</u>	<u>84</u>
	<u>12,001</u>	<u>12,107</u>
	<u><u>12,772</u></u>	<u><u>12,878</u></u>

- \* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.

During the year, a director was granted share options in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above director's remuneration disclosures.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Executive directors and independent non-executive directors

	Salaries, allowances and benefits		Performance related bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	Fees	in kind				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2009</b>						
<i>Executive directors:</i>						
Mr. Tang Ching Ho	—	4,151	259	42	12	4,464
Ms. Yau Yuk Yin	—	4,014	185	—	12	4,211
Mr. Chan Chun Hong, Thomas	—	1,692	1,572	—	62	3,326
	—	9,857	2,016	42	86	12,001
<i>Independent non-executive directors:</i>						
Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP	297	—	—	—	—	297
Mr. Wong Chun, Justein, MBE, JP	217	—	—	—	—	217
Mr. Siu Yim Kwan, Sidney, S.B.St.J.	117	—	—	—	—	117
Mr. Siu Kam Chau	140	—	—	—	—	140
	771	—	—	—	—	771
	771	9,857	2,016	42	86	12,772

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Performance related bonuses <i>HK\$'000</i>	Equity-settled share option expense <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
<b>2008</b>						
<i>Executive directors:</i>						
Mr. Tang Ching Ho	—	4,030	336	—	12	4,378
Ms. Yau Yuk Yin	—	4,094	240	—	12	4,346
Mr. Chan Chun Hong, Thomas	—	1,943	1,368	12	60	3,383
	—	10,067	1,944	12	84	12,107
<i>Independent non-executive directors:</i>						
Dr. Lee Peng Fei, Allen, <i>CBE, BS,</i> <i>FHKIE, JP</i>	297	—	—	—	—	297
Mr. Wong Chun, Justein, <i>MBE, JP</i>	217	—	—	—	—	217
Mr. Siu Yim Kwan, Sidney, <i>S.B.St.J.</i>	117	—	—	—	—	117
Mr. Siu Kam Chau	140	—	—	—	—	140
	771	—	—	—	—	771
	771	10,067	1,944	12	84	12,878

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2008: three) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees for the year are as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	2,105	2,199
Performance related bonuses	536	333
Equity-settled share option expense	13	4
Pension scheme contributions	<u>56</u>	<u>24</u>
	<u>2,710</u>	<u>2,560</u>

During the year, share options were granted to the non-director, highest paid employees, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period was determined as at the dates of grant and the amount included in the financial statements for the current year is included in the above remuneration disclosures.

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	<b>Number of employees</b>	
	<b>2009</b>	<b>2008</b>
HK\$1,000,001 to HK\$1,500,000	<u>2</u>	<u>2</u>

## 10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Current — Hong Kong		
Charge for the year	5,658	24,645
Overprovision in prior years	<u>(11,195)</u>	<u>(1,297)</u>
	(5,537)	23,348
Current — PRC		
Charge for the year	3,375	1,052
Deferred ( <i>note 34</i> )	<u>13,642</u>	<u>1,563</u>
Total tax charge for the year	<u><u>11,480</u></u>	<u><u>25,963</u></u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rate is as follows:

**Group**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	<u>91,630</u>	<u>122,577</u>
Tax at the statutory tax rates of different jurisdictions	23,706	21,505
Lower tax rate for specific provinces or local authority	(445)	(997)
Effect on opening deferred tax of decrease in rates	(265)	—
Adjustments in respect of current tax of previous periods	(11,291)	(1,297)
Profits and losses attributable to associates	8,668	(5,773)
Income not subject to tax	(31,737)	(3,240)
Expenses not deductible for tax	16,035	8,836
Effect of withholding tax of 5% on the distributable profits of the Group's PRC jointly-controlled entity	283	—
Tax losses utilised from previous periods	(744)	(3,930)
Tax losses not recognised	4,465	6,373
Others	<u>2,805</u>	<u>4,486</u>
Tax charge at the Group's effective rate	<u>11,480</u>	<u>25,963</u>

**11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

The consolidated profit attributable to equity holders of the parent for the year ended 31 March 2009 includes a loss of HK\$17,274,000 (2008: profit of HK\$180,187,000) which has been dealt with in the financial statements of the Company (note 37(b)).

**12. DIVIDENDS**

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim — Nil (2008: HK4.00 cents) per ordinary share	—	10,319
Proposed final — HK0.5 cents (2008: HK2.50 cents) per ordinary share	<u>11,329</u>	<u>7,868</u>
	<u>11,329</u>	<u>18,187</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The dividend per ordinary share amounts for the prior year have been adjusted to reflect the consolidation of shares during the year.



### 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the consolidation of shares during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, as adjusted for the consolidation of shares during the year.

The calculations of basic and diluted earnings per share amounts are based on:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	55,409	96,089
Interest on convertible notes	<u>—</u>	<u>1,144</u>
Profit for the purpose of the diluted earnings per share calculation	<u>55,409</u>	<u>97,233</u>
	<b>Number of shares</b>	
	<b>2009</b>	<b>2008</b>
		<i>(Restated)</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation*	331,737,174	248,213,005
Effect of dilution — weighted average number of ordinary shares:		
Convertible notes	—	8,771,148
Share options	<u>102,814</u>	<u>15,943,557</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>331,839,988</u>	<u>272,927,710</u>

\* The weighted average numbers of ordinary shares in 2009 and 2008 have been retrospectively adjusted for the twenty five-to-one share consolidation taken place on 30 March 2009.

## 14. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture, fixtures and							Total
	Building	Leasehold improvements	Plant and machinery	office equipment	Motor vehicles	Computer equipment	Construction in progress	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>31 March 2009</b>								
At 31 March 2008 and at 1 April 2008:								
Cost	638	62,558	13,863	33,611	3,825	3,368	127,232	245,095
Accumulated depreciation	(112)	(44,671)	(2,960)	(32,738)	(1,079)	(2,651)	—	(84,211)
Net carrying amount	<u>526</u>	<u>17,887</u>	<u>10,903</u>	<u>873</u>	<u>2,746</u>	<u>717</u>	<u>127,232</u>	<u>160,884</u>
At 1 April 2008, net of accumulated depreciation	526	17,887	10,903	873	2,746	717	127,232	160,884
Additions	—	1,043	687	1,219	731	210	75,646	79,536
Acquisition of subsidiaries ( <i>note</i> <i>38(b)</i> )	—	225	—	—	—	—	—	225
Disposal of subsidiaries ( <i>note 38(c)</i> )	(511)	—	(12,052)	(1,088)	(1,346)	—	(191,206)	(206,203)
Disposals and write-off	—	(35)	(69)	(9)	(134)	—	—	(247)
Depreciation provided during the year	(28)	(5,444)	(899)	(448)	(645)	(333)	—	(7,797)
Transfer	—	—	1,862	—	—	—	(1,862)	—
Transfer to investment properties ( <i>note 16</i> )	—	—	—	—	—	—	(12,559)	(12,559)
Exchange realignment	13	67	129	24	26	2	2,749	3,010
At 31 March 2009, net of accumulated depreciation	<u>—</u>	<u>13,743</u>	<u>561</u>	<u>571</u>	<u>1,378</u>	<u>596</u>	<u>—</u>	<u>16,849</u>
At 31 March 2009:								
Cost	—	63,741	1,042	33,388	2,828	3,571	—	104,570
Accumulated depreciation	—	(49,998)	(481)	(32,817)	(1,450)	(2,975)	—	(87,721)
Net carrying amount	<u>—</u>	<u>13,743</u>	<u>561</u>	<u>571</u>	<u>1,378</u>	<u>596</u>	<u>—</u>	<u>16,849</u>

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	<b>Building</b>	<b>Leasehold</b>	<b>Plant and</b>	<b>Furniture, fixtures and office</b>	<b>Motor</b>	<b>Computer</b>	<b>Construction</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>31 March 2008</b>								
At 31 March 2007 and at 1 April 2007:								
Cost	—	48,415	364	32,811	1,658	2,891	—	86,139
Accumulated depreciation	—	(39,094)	(349)	(32,182)	(288)	(2,241)	—	(74,154)
Net carrying amount	<u>—</u>	<u>9,321</u>	<u>15</u>	<u>629</u>	<u>1,370</u>	<u>650</u>	<u>—</u>	<u>11,985</u>
At 1 April 2007, net of accumulated depreciation								
	—	9,321	15	629	1,370	650	—	11,985
Additions	—	15,966	289	833	1,971	548	126,268	145,875
Acquisition of a subsidiary (note 38(b))	505	—	10,388	15	163	—	898	11,969
Disposals and write-off	—	(1,860)	(46)	(77)	—	(7)	—	(1,990)
Depreciation provided during the year	(16)	(5,964)	(503)	(539)	(794)	(474)	—	(8,290)
Exchange realignment	37	424	760	12	36	—	66	1,335
At 31 March 2008, net of accumulated depreciation	<u>526</u>	<u>17,887</u>	<u>10,903</u>	<u>873</u>	<u>2,746</u>	<u>717</u>	<u>127,232</u>	<u>160,884</u>
At 31 March 2008:								
Cost	638	62,558	13,863	33,611	3,825	3,368	127,232	245,095
Accumulated depreciation	(112)	(44,671)	(2,960)	(32,738)	(1,079)	(2,651)	—	(84,211)
Net carrying amount	<u>526</u>	<u>17,887</u>	<u>10,903</u>	<u>873</u>	<u>2,746</u>	<u>717</u>	<u>127,232</u>	<u>160,884</u>

At 31 March 2008, the leasehold land with an aggregate carrying amount of HK\$95,835,000 and included in the Group's construction in progress is held under medium term leases and situated in Mainland China.

## 15. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 April	180,491	—
Additions	405	181,183
Transfer from properties under development ( <i>note 17</i> )	—	3,422
Amortisation during the year	(1,159)	(712)
Impairment during the year	—	(9,700)
Disposal of subsidiaries ( <i>note 38(c)</i> )	(181,056)	—
Exchange realignment	<u>4,575</u>	<u>6,298</u>
Carrying amount at 31 March	3,256	180,491
Current portion included in prepayments, deposits and other receivables ( <i>note 26</i> )	<u>(85)</u>	<u>(2,589)</u>
Non-current portion	<u><u>3,171</u></u>	<u><u>177,902</u></u>

The Group's leasehold land is situated in Hong Kong and Mainland China and is held under the following lease terms:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Long term leases:		
— Mainland China	<u>—</u>	<u>176,908</u>
Medium term leases:		
— Hong Kong	3,256	3,337
— Mainland China	<u>—</u>	<u>246</u>
	<u>3,256</u>	<u>3,583</u>
	<u><u>3,256</u></u>	<u><u>180,491</u></u>

## 16. INVESTMENT PROPERTIES

	Group	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Carrying amount at 1 April	555,199	315,143
Additions	78,396	201,113
Transfer from accrued rent-free rental income	(512)	(82)
Acquisition of subsidiaries ( <i>note 38(b)</i> )	98,766	20,019
Disposals during the year	(28,000)	—
Disposal of subsidiaries ( <i>note 38(c)</i> )	(188,099)	—
Transfer from construction in progress ( <i>note 14</i> )	12,559	—
Net profit from a fair value adjustment	4,581	11,383
Exchange realignment	<u>3,246</u>	<u>7,623</u>
Carrying amount at 31 March	<u>536,136</u>	<u>555,199</u>

The Group's investment properties are situated in Hong Kong and Mainland China and are held under the following lease terms:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Long term leases:		
— Hong Kong	<u>154,000</u>	<u>60,600</u>
Medium term leases:		
— Hong Kong	308,572	319,300
— Mainland China	<u>73,564</u>	<u>175,299</u>
	<u>382,136</u>	<u>494,599</u>
	<u>536,136</u>	<u>555,199</u>

The investment properties of the Group were revalued on 31 March 2009 by Savills Valuation and Professional Services Limited and Vigers Appraisal and Consulting Limited, independent professional qualified valuers, on an open market, existing use basis. The investment properties are leased to a director of the Company and third parties under operating leases, further details of which are included in notes 40 and 42 to the financial statements.

At 31 March 2009, the Group's investment properties with an aggregate carrying value of HK\$420,572,000 (2008: HK\$348,900,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, of which approximately HK\$432,085,000 (2008: HK\$201,504,000) had been utilised as at 31 March 2009 (note 32).

Further particulars of the Group's investment properties are included on page 129 to 135.

#### 17. PROPERTIES UNDER DEVELOPMENT

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 April	288,405	470,680
Additions (including development cost and capitalised interest)	32,302	59,081
Transfer to prepaid land lease payments ( <i>note 15</i> )	—	(3,422)
Transfer to properties held for sale ( <i>note 24</i> )	<u>(320,707)</u>	<u>(237,934)</u>
Carrying amount at 31 March	<u>—</u>	<u>288,405</u>

At 31 March 2008, the Group's properties under development with an aggregate carrying value of HK\$282,197,000 were pledged to secure the Group's general banking facilities, of which HK\$150,650,000 had been utilised as at 31 March 2008 (note 32).

## 18. GOODWILL

## Group

	Goodwill arising on acquisition of subsidiaries	Goodwill arising on acquisition of a jointly- controlled entity	Total	Goodwill arising on acquisition of associates (Note 20)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost and net carrying amount:				
At 1 April 2007	943	1,376	2,319	9,718
Acquisition of a subsidiary (note 38(b))	11,444	—	11,444	—
Impairment during the year	(5,943)	—	(5,943)	(5,615)
Partial/deemed disposal of an associate	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,103)</u>
At 31 March 2008 and 1 April 2008	<u>6,444</u>	<u>1,376</u>	<u>7,820</u>	<u>—</u>
At 31 March 2008:				
Cost	12,387	1,376	13,763	5,615
Accumulated impairment	<u>(5,943)</u>	<u>—</u>	<u>(5,943)</u>	<u>(5,615)</u>
Net carrying amount	<u>6,444</u>	<u>1,376</u>	<u>7,820</u>	<u>—</u>
Cost at 1 April 2008, net of accumulated impairment	6,444	1,376	7,820	—
Disposal of subsidiaries (note 38(c))	<u>(6,444)</u>	<u>—</u>	<u>(6,444)</u>	<u>—</u>
At 31 March 2009	<u>—</u>	<u>1,376</u>	<u>1,376</u>	<u>—</u>
At 31 March 2009:				
Cost	943	1,376	2,319	5,615
Accumulated impairment	<u>(943)</u>	<u>—</u>	<u>(943)</u>	<u>(5,615)</u>
Net carrying amount	<u>—</u>	<u>1,376</u>	<u>1,376</u>	<u>—</u>

The Group applied the transitional provisions of SSAP 30 that permitted goodwill and negative goodwill in respect of acquisitions which occurred prior to the adoption of the standard, to remain eliminated against consolidated reserves or credited to the capital reserve, respectively.

The amount of goodwill remaining in the consolidated reserves, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK\$21,775,000 (2008: HK\$21,775,000) as at 31 March 2009.

**IMPAIRMENT TESTING OF GOODWILL**

Goodwill arising from business combinations has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Property development cash-generating unit;
- Agricultural by-products wholesale markets cash-generating unit;
- Associates — pharmaceutical products cash-generating unit; and
- A jointly-controlled entity — Shenzhen traditional wet markets cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Property development		Agricultural by-products wholesale markets		Associates — pharmaceutical products		A jointly-controlled entity — Shenzhen traditional wet markets		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount of goodwill	—	—	—	6,444	—	—	1,376	1,376	1,376	7,820

**PROPERTY DEVELOPMENT CASH-GENERATING UNIT**

The goodwill of this cash-generating unit has been fully impaired in the prior year due to the completion of the respective property projects and management did not expect the relevant subsidiaries will further generate positive cash flow to the Group.

**AGRICULTURAL BY-PRODUCTS WHOLESALE MARKETS CASH-GENERATING UNIT**

This cash-generating unit was disposed of during the year and further details are set out in note 38(c) to the financial statements.

**ASSOCIATES — PHARMACEUTICAL PRODUCTS CASH-GENERATING UNIT**

The goodwill of this cash-generating unit has been fully impaired in the prior year due to the increase in market competition and operating expenses which affected adversely the future growth and profits of the Group's pharmaceutical products business.



**A JOINTLY-CONTROLLED ENTITY — SHENZHEN TRADITIONAL WET MARKETS  
CASH-GENERATING UNIT**

The recoverable amount of the Shenzhen traditional wet markets cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets conversing a five-year period approved by senior management. The discount rate applied to cash flow projections is 15% (2008: 16%).

Management has determined the budgeted gross margins based on past performance and its expectation for market development. The discount rates used are before tax and reflect specific risks relating to the relevant units.

**19. INTERESTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	71,000	71,000
Due from subsidiaries — <i>Note (i)</i>	1,654,200	1,441,026
Loans to subsidiaries — <i>Note (ii)</i>	13,656	20,529
Due to subsidiaries — <i>Note (i)</i>	<u>(314,025)</u>	<u>(230,258)</u>
	1,424,831	1,302,297
Impairment — <i>Note (iii)</i>	<u>(110,876)</u>	<u>(110,876)</u>
	<u>1,313,955</u>	<u>1,191,421</u>

*Notes:*

- (i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.
- (ii) The amounts are unsecured, bear interest at 3% over the best lending rate per annum offered by banks, except for a balance of HK\$4,651,000 at 31 March 2008 which was interest-free, and have no fixed terms of repayment. The carrying amounts of the loans to subsidiaries approximate to their fair values.
- (iii) The impairment relates primarily to amounts due from subsidiaries and loans to subsidiaries that had suffered losses for years or ceased operations.

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
Allied Victory Investment Limited	Hong Kong	Ordinary HK\$2	—	100	Property investment
Allied Wide Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Banco Investments Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Champford Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Charter Golden Design & Contracting Limited	Hong Kong	Ordinary HK\$2	—	100	Property development
Denox Management Limited	Hong Kong	Ordinary HK\$2	—	100	Management and sub-letting of properties
Easy Kingdom Limited	Hong Kong	Ordinary HK\$2	—	100	Property investment
Easytex Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Everlong Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	—	100	Investment holding
Excellence Star Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Extra Power Limited	Hong Kong	Ordinary HK\$1	—	100	Money lending
Fly Star Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Fulling Limited	Hong Kong	Ordinary HK\$100	—	100	Money lending and securities investment

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
Fully Finance Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	—	100	Money lending
First World Investments Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Goldbo Investment Limited	Hong Kong	Ordinary HK\$2	—	100	Property investment
Goodtech Management Limited	Hong Kong	Ordinary HK\$2,800,100	—	100	Management of shopping centres
Grand Quality Development Limited	Hong Kong	Ordinary HK\$2	—	100	Property investment
Honland Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Hovan Investments Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Info World Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Kartix Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
King Channel Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
Kingtex Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
Kova Investments Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Lica Parking Company Limited	Hong Kong	Ordinary HK\$25,500,000	—	99	Management and sub-licensing of car parks

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
Lanbo Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
Longable Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Mailful Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	—	100	Investment holding
Majorluck Limited	Hong Kong	Ordinary HK\$10,000	—	100	Management and sub-licensing of Chinese wet markets
Newbo Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
New Sino Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
New Shiny Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Pacific Base Investments Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Poly Talent Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
Richly Gold Limited	Hong Kong	Ordinary HK\$2	—	100	Property investment
Rich Time Strategy Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	—	100	Investment holding
Shiny World Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Smart First Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
Sunbo Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Topbo Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
Ventix Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property investment
Wang Hing Fruits and Vegetables Wholesale Limited	Hong Kong	Ordinary HK\$1	—	100	Wholesale of agricultural products
Wang Hing Vegetables Wholesale Company Limited	Hong Kong	Ordinary HK\$100	—	51	Wholesale of agricultural products
Wang On Agricultural Wholesale (HK) Limited	Hong Kong	Ordinary HK\$1	—	100	Wholesale of agricultural products
Wang On Commercial Management Limited	British Virgin Islands/ Hong Kong	Ordinary US\$2	—	100	Investment holding
Wang On Shopping Centre Management Limited	Hong Kong	Ordinary HK\$2	—	100	Management and sub-licensing of shopping centres
Wang On Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	—	Investment holding
Wang On Majorluck Limited	Hong Kong	Ordinary HK\$1,000	—	100	Management and sub-licensing of Chinese wet markets

Name	Place of incorporation/ operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the company		Principal activities
			Direct	Indirect	
WEH Investments Limited	Hong Kong	Ordinary HK\$477 Non-voting deferred ( <i>Note 2</i> ) HK\$1,262,523	—	100	Property investment
Winhero Investment Limited	Hong Kong	Ordinary HK\$1	—	100	Property development

*Notes:*

- (1) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (2) The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of the company, the holders of non-voting deferred shares have a right to repayment in proportion to the amounts of all paid-up ordinary and deferred shares after the first HK\$1,000,000,000 thereof has been distributed among the holders of the ordinary shares.

Details of the subsidiaries acquired and disposed of during the year were included in notes 38(b) and 38(c) to the financial statements, respectively.

## 20. INTERESTS IN ASSOCIATES

	<i>Notes</i>	<b>Group</b>		<b>Company</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets		219,685	307,664	—	—
Deferred gains		<u>(2,418)</u>	<u>(3,320)</u>	—	—
		217,267	304,344	—	—
Due from associates	(i)	248	2,362	252	2,089
Due to associates	(i)	<u>(887)</u>	<u>(878)</u>	—	—
		216,628	305,828	252	2,089
Provision for impairment		<u>(3)</u>	<u>(3)</u>	—	—
		<u>216,625</u>	<u>305,825</u>	<u>252</u>	<u>2,089</u>
Market value of listed shares at 31					
March	(ii)	<u>67,984</u>	<u>98,161</u>	<u>N/A</u>	<u>N/A</u>

*Notes:*

- (i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.
- (ii) The market value of the listed shares of an associate, Wai Yuen Tong Medicine Holdings Limited (“WYTH”), held by the Group was approximately HK\$57,444,000 at the date of approval of these financial statements.

Particulars of the principal associates at the balance sheet date are as follows:

Name	Particulars of issued shares/ registered capital	Place of incorporation/ operations	Percentage of ownership interest attributable to the Group		Principal activities
			2009	2008	
WYTH* ( <i>Note 2</i> )	Ordinary shares of HK\$0.01 each	Hong Kong	26.21	28.31	Production and sale of traditional Chinese and Western pharmaceutical health food products and property holding
Changzhou Lin Jia Tang Hong-Jin Logistic Development Company Limited	Paid-up capital of US\$20,000,000	PRC	40	40	Development and management of agricultural by-products wholesale market

*Notes:*

- (1) The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.
- (2) The financial statements of WYTH and its subsidiaries were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

\* Listed on the Stock Exchange



**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements/management accounts:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	950,638	1,375,285
Liabilities	(160,218)	(364,152)
Revenue	496,151	477,021
Profit	<u>(348,924)</u>	<u>81,392</u>

**21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES**

Particulars of the jointly-controlled entity are as follows:

Name	Paid-up registered capital	Place of registration/ incorporation	Percentage of		Profit sharing	Principal activities
			Ownership interest	Voting power		
Shenzhen Jimao Market Co., Limited	RMB31,225,000	PRC	50	50	50	Management and sub-licensing of Chinese wet markets

The amounts of the assets, liabilities, revenue and expenses of the Group's jointly-controlled entities attributable to the Group are as follows:

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	75,650	245,906
Current assets	6,401	11,267
Current liabilities	(4,536)	(6,054)
Non-current liabilities	<u>(408)</u>	<u>—</u>
Net assets	<u>77,107</u>	<u>251,119</u>
Total revenue	17,364	16,844
Total expenses	<u>(11,703)</u>	<u>(12,129)</u>
Profit for the year	<u>5,661</u>	<u>4,715</u>

During the year, the Group disposed of its 50% interests in Vast Time Limited (“Vast Time”) and Fuzhou Wang On Property Development Co. Ltd. (“Fuzhou Wang On”) as a result of the disposal of its 100% equity interest in Strengthen Investments Limited (“Strengthen Investments”). Vast Time and Fuzhou Wang On are jointly-controlled entities of the Group held through Strengthen Investments. Further details of this disposal are set out in note 38(c).

## 22. HELD-TO-MATURITY FINANCIAL ASSETS

	<b>Group and company</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted debt investments, at amortised cost	<u>4,114</u>	<u>1,943</u>

## 23. OTHER INTANGIBLE ASSET

	<b>Group Marketplace operating right</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 April	24,240	30,300
Amortisation for the year	<u>(6,060)</u>	<u>(6,060)</u>
Carrying amount at 31 March	<u>18,180</u>	<u>24,240</u>

## 24. PROPERTIES HELD FOR SALE

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 April	27,885	1,455
Transfer from properties under development ( <i>note 17</i> )	320,707	237,934
Properties sold during the year	<u>(86,320)</u>	<u>(211,504)</u>
Carrying amount at 31 March	<u>262,272</u>	<u>27,885</u>

At 31 March 2009, the Group’s properties held for sale with an aggregate carrying value of HK\$240,908,000 (2008: HK\$10,334,000) were pledged to secure the Group’s general banking facilities and of which approximately HK\$192,975,000 (2008: HK\$8,400,000) had been utilised as at 31 March 2009 (note 32).

Further particulars of the Group's properties held for sale are included on page 135.

## 25. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	<b>Group</b>			
	<b>2009</b>		<b>2008</b>	
	<i>HK\$'000</i>	<i>percentage</i>	<i>HK\$'000</i>	<i>Percentage</i>
Within 90 days	4,279	90	3,948	94
91 days to 180 days	251	5	165	4
Over 180 days	<u>239</u>	<u>5</u>	<u>76</u>	<u>2</u>
	4,769	<u>100</u>	4,189	<u>100</u>
Less: impairment	<u>(271)</u>		<u>(88)</u>	
	<u>4,498</u>		<u>4,101</u>	

The Group generally grants a 15 to 30 days credit period to customers for its sub-leasing business. The Group generally does not grant any credit to customers of other businesses.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The movements in provision for impairment of trade receivables are as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April	88	548
Impairment losses reversed	(216)	(244)
Impairment losses recognised	458	—
Amount written off as uncollectible	<u>(59)</u>	<u>(216)</u>
Balance at 31 March	<u>271</u>	<u>88</u>

The above provision for impairment of trade receivables is related to individually impaired trade receivables, the customers of which were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	4,240	2,116
Less than 90 days past due	66	1,832
91 to 180 days past due	192	138
Over 180 days past due	<u>—</u>	<u>15</u>
	<u>4,498</u>	<u>4,101</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

## 26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Prepayments		11,184	7,600	1,489	771
Prepaid land lease payments ( <i>note 15</i> )		85	2,589	—	—
Deposits		17,024	19,369	162	162
Other receivables		4,375	15,053	322	47
Loans to WYTH	(i)	25,000	—	—	—
Loan to LeRoi	(ii)	40,408	—	—	—
Loan to Super Treasure	(iii)	238,200	—	—	—
Loans receivable, secured	(iv)	990	23,565	—	—
Loans receivable, unsecured	(iv)	<u>8,347</u>	<u>120</u>	<u>—</u>	<u>—</u>
		345,613	68,296	1,973	980
Less: Impairment	(v)	<u>(5,915)</u>	<u>(7,522)</u>	<u>—</u>	<u>—</u>
		339,698	60,774	1,973	980
Less: Loans receivable classified as non-current assets		(281,241)	(12,989)	—	—
Rental deposits classified as non-current assets		<u>(11,737)</u>	<u>(4,595)</u>	<u>—</u>	<u>—</u>
		<u>46,720</u>	<u>43,190</u>	<u>1,973</u>	<u>980</u>

*Notes:*

- (i) The loans are unsecured, bear interest at the Hong Kong prime rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited and are repayable within one year.
- (ii) LeRoi Holdings Limited (“LeRoi”) is an associate of WYTH, and has an executive director in common with the Company.

The loan is unsecured, bears interest at 6% per annum and is repayable within two years from the date of drawdown.

- (iii) Super Treasure Holdings Limited (“Super Treasure”) is a wholly-owned subsidiary of China Agri-Products Exchange Limited (“China Agri-Products”), which is an associate of LeRoi and has an executive director in common with the Company.

The loan bears interest at 6% per annum and is repayable on the date falling 18 months from the date of the loan agreement, and is secured by share charge of in respect of share of a subsidiary of China Agri-Products and a corporate guarantee granted by China Agri-Products in favour of the Group.

- (iv) These loans receivable are stated at amortised cost at effective interest rates ranging from 2% to 12% and the credit terms of which range from 4 months to 14 years. As these loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of these loans receivable approximate to their fair values.

As at 31 March 2009, certain loans receivable and other receivables are secured by a retail shop located in Mongkok, Kowloon, Hong Kong (2008: a retail shop located in Mongkok, Kowloon, Hong Kong and contra deposits of HK\$2,232,000).

- (v) Included in the above provision for impairment of other receivables and loans receivable are provision for individually impaired receivables of HK\$5,915,000 (2008: HK\$7,522,000) with an aggregate carrying amount of HK\$8,864,000 (2008: HK\$9,833,000). The individually impaired other receivables related to customers or debtors that were in financial difficulties and only a portion secured by the cash deposit received and a property are expected to be recovered.

Other than the aforementioned impaired other receivables, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default.

## 27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed equity investments, at fair value:				
Hong Kong	17,931	27,882	2,565	8,915
Elsewhere	2,493	9,819	1,004	5,556
Unlisted debt securities, at fair value	—	7,577	—	—
	<u>20,424</u>	<u>45,278</u>	<u>3,569</u>	<u>14,471</u>

The market values of the Group’s and the Company’s listed equity investments at the date of approval of these financial statements were HK\$47,506,000 and HK\$8,549,000, respectively.

## 28. CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	191,735	81,307	98,328	6,129
Time deposits	<u>291,972</u>	<u>249,512</u>	<u>277,873</u>	<u>218,218</u>
Cash and cash equivalents	<u>483,707</u>	<u>330,819</u>	<u>376,201</u>	<u>224,347</u>

As at the balance sheet date, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$35,323,000 (2008: HK\$36,474,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

## 29. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	<u>18,076</u>	<u>24,624</u>

The trade payables are non-interest-bearing and have an average term of 30 days. The carrying amounts of the trade payables approximated to their fair values.

## 30. OTHER PAYABLES AND ACCRUALS

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables ( <i>Note</i> )	10,135	114,298	780	67,542
Accruals	<u>10,407</u>	<u>14,125</u>	<u>2,918</u>	<u>2,102</u>
	<u>20,542</u>	<u>128,423</u>	<u>3,698</u>	<u>69,644</u>

*Note:* Included in other payables as at 31 March 2008 was subscription monies of HK\$65,470,000 received for the subscription of shares of the Company (note 35(b)(i)).

Other payables are non-interest-bearing and there are generally no credit terms. The carrying amounts of the other payables approximate to their fair values.

## 31. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Stock accumulator contracts	<u>—</u>	<u>2,338</u>



## 32. INTEREST-BEARING BANK LOANS

Group	2009			2008		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual Interest rate (%)	Maturity	HK\$'000
<b>Current:</b>						
Bank loans — secured	HIBOR+ (0.85 - 2.25)/ P - (2.6 - 3.15)	2010	121,948	HIBOR+ (0.85 - 1.625)/ P - (2.25 - 3.15)	2009	244,240
Bank loans — unsecured	—	—	—	HIBOR+ (0.85 - 1.625)	2009	102,875
			<u>121,948</u>			<u>347,115</u>
<b>Non-current:</b>						
Bank loans — secured	HIBOR+ (0.85 - 2.25)/ P - (2.6 - 3.15)	2010-2028	310,137	HIBOR+ (0.85 - 1.0)/ P - (2.25 - 3.15)	2009-2025	165,743
Bank loans — unsecured	—	—	—	HIBOR+ (0.85 - 1.0)	2009-2022	33,375
			<u>310,137</u>			<u>199,118</u>
			<u>432,085</u>			<u>546,233</u>
<b>Company</b>						
	2009			2008		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual Interest rate (%)	Maturity	HK\$'000
<b>Current:</b>						
Bank loans — secured	HIBOR+ (1 - 2.5)	2010	105,300	HIBOR+ (0.85 - 1.0)	2009	30,400
Bank loans — unsecured	—	—	—	HIBOR+ (0.85 - 1.625)	2009	102,875
			<u>105,300</u>			<u>133,275</u>
<b>Non-current:</b>						
Bank loans — secured	HIBOR+ (1 - 2.25)	2010-2028	160,175	HIBOR+ (0.85 - 1.0)	2009-2023	84,600
Bank loans — unsecured	—	—	—	HIBOR+ (0.85 - 1.0)	2009-2022	33,375
			<u>160,175</u>			<u>117,975</u>
			<u>265,475</u>			<u>251,250</u>

	Group		Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Analysed into:				
Bank loans repayable:				
Within one year	121,948	347,115	105,300	133,275
In the second year	81,292	42,483	67,300	35,500
In the third to fifth years, inclusive	108,836	74,122	58,275	70,475
Beyond five years	<u>120,009</u>	<u>82,513</u>	<u>34,600</u>	<u>12,000</u>
	<u>432,085</u>	<u>546,233</u>	<u>265,475</u>	<u>251,250</u>

*Notes:*

- (a) Certain bank loans of the Group and the Company are secured by the Group's investment properties and certain rental income generated therefrom (note 16), properties under development (note 17) and properties held for sale (note 24).

In addition, the Company has guaranteed certain of the Group's bank loans up to HK\$252,325,000 (2008: HK\$577,371,000) as at the balance sheet date.

- (b) All bank loans of the Group and the Company bear interest at floating interest rates.
- (c) The carrying amounts of the bank loans of the Group and of the Company approximate to their fair values.

**33. PROVISIONS FOR ONEROUS CONTRACTS**

	Group	
	2009	2008
	HK'000	HK'000
Carrying amount at 1 April	3,650	369
Additional provision	—	3,650
Amount utilised during the year	<u>(1,440)</u>	<u>(369)</u>
Carrying amount at 31 March	2,210	3,650
Portion classified as current liabilities	<u>(1,960)</u>	<u>(1,690)</u>
Long term portion	<u>250</u>	<u>1,960</u>

## 34. DEFERRED TAX

The components of deferred tax liabilities and assets during the year are as follows:

**DEFERRED TAX LIABILITIES****Group**

	<b>Depreciation allowance in excess of related depreciation</b> <i>HK\$'000</i>	<b>Revaluation gain of investment properties</b> <i>HK\$'000</i>	<b>Withholding tax</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2007	1,133	4,321	—	5,454
Deferred tax charged to the income statement during the year ( <i>note 10</i> )	<u>388</u>	<u>2,784</u>	<u>—</u>	<u>3,172</u>
At 31 March and 1 April 2008	1,521	7,105	—	8,626
Deferred tax charged/(credited) to the income statement during the year ( <i>note 10</i> )	(1,029)	10,601	283	9,855
Disposal of subsidiaries ( <i>note 38(c)</i> )	<u>—</u>	<u>(15,285)</u>	<u>—</u>	<u>(15,285)</u>
Deferred tax liabilities at 31 March 2009	<u>492</u>	<u>2,421</u>	<u>283</u>	<u>3,196</u>

## DEFERRED TAX ASSETS

## Group

	<b>Depreciation in excess of related depreciation allowance</b>	<b>Provision for onerous contracts</b>	<b>Revaluation loss of investment properties</b>	<b>Losses available for offsetting against future taxable profit</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2007	—	—	—	2,733	2,733
Deferred tax credited to the income statement during the year ( <i>note 10</i> )	<u>397</u>	<u>639</u>	<u>244</u>	<u>329</u>	<u>1,609</u>
At 31 March and 1 April 2008	397	639	244	3,062	4,342
Deferred tax charged to the income statement during the year ( <i>note 10</i> )	<u>(397)</u>	<u>(274)</u>	<u>(54)</u>	<u>(3,062)</u>	<u>(3,787)</u>
Deferred tax assets at 31 March 2009	<u>—</u>	<u>365</u>	<u>190</u>	<u>—</u>	<u>555</u>

The Group has tax losses arising in Hong Kong of approximately HK\$107,576,000 (2008: HK\$88,637,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividend declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by its jointly-controlled entity established in the PRC in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 35. SHARE CAPITAL

## SHARES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Authorised:		
20,000,000,000 (2008: 40,000,000,000) ordinary shares of HK\$0.01 (2008: HK\$0.005) each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
377,620,545 (2008: 6,410,233,640) ordinary shares of HK\$0.01 (2008: HK\$0.005) each	<u>3,776</u>	<u>32,051</u>

During the year, the movements in share capital were as follows:

## (a) EXERCISE OF SHARE OPTIONS

The subscription rights attaching to 97,680,000 share options were exercised at the subscription price of HK\$0.0485 per share (note 36), resulting in the issue of 97,680,000 shares of HK\$0.005 each for a total consideration, before issue expenses, of HK\$4,738,000.

## (b) PLACEMENT OF NEW SHARES

- (i) On 26 March 2008, Accord Power Limited (“Accord Power”), a substantial shareholder of the Company, entered into a Top-up Placing and Subscription Agreement with Kingston Securities Limited (the “Placing Agent”) and the Company and pursuant to which, Accord Power agreed to place, through the Placing Agent, an aggregate of 900,000,000 existing ordinary shares of the Company to certain private investors at a price of HK\$0.075 each (the “First Top-up Placing”) and subscribe for an aggregate of 900,000,000 new ordinary shares of the Company at a price of HK\$0.075 each (the “First Top-up Subscription”).

The First Top-up Placing and the First Top-up Subscription were completed on 31 March 2008 and 2 April 2008, respectively, and the Group raised a total of HK\$67,500,000 (before expenses).

- (ii) On 22 April 2008, the Company placed an aggregate of 460,000,000 new ordinary shares, through the Placing Agent, to certain private investors at a price of HK\$0.075 per share, raising a total of HK\$34,500,000 (before expenses).

- (iii) On 26 November 2008, Accord Power entered into another Top-up Placing and Subscription Agreement with the Placing Agent and the Company and pursuant to which, Accord Power agreed to place, through the Placing Agent, an aggregate of 900,000,000 existing ordinary shares of the Company to certain private investors at a price of HK\$0.022 each (the “Second Top-up Placing”) and subscribe for an aggregate of 900,000,000 new ordinary shares of the Company at a price of HK\$0.022 each (the “Second Top-up Subscription”).

The Second Top-up Placing and the Second Top-up Subscription were completed on 3 December 2008 and 9 December 2008, respectively, and the Group raised a total of HK\$19,800,000 (before expenses).

- (iv) On 12 December 2008, the Company placed an aggregate of 672,600,000 new ordinary shares, through the Placing Agent, to certain private investors at a price of HK\$0.022 per share, raising a total of approximately HK\$14,797,000 (before expenses).

**(c) SHARE CONSOLIDATION**

Pursuant to the special resolution passed on 30 March 2009, every twenty-five issued ordinary shares of the Company of HK\$0.005 each were consolidated into one issued share of HK\$0.125 each and every two authorised but unissued ordinary shares of the Company of HK\$0.005 each were consolidated into one authorised but unissued share of HK\$0.01 each.

**(d) CAPITAL REDUCTION**

Pursuant to the same special resolution passed on 30 March 2009, the par value of each issued consolidated ordinary share of the Company was reduced from HK\$0.125 to HK\$0.01 by cancelling HK\$0.115 of the paid-up capital on each issued consolidated share. The credit arising from this capital reduction was credited to the contributed surplus account of the Company.

**(e) OPEN OFFER AND BONUS ISSUE**

Pursuant to the ordinary resolutions passed on 30 March 2009, the Company made an open offer (the “Open Offer”) of 1,132,861,635 offer shares at a subscription price of HK\$0.10 per offer share on the basis of three offer shares for every one consolidated share (after the share consolidation in (c) above), together with two bonus shares for every three offer shares taken up under the Open Offer (the “Bonus Issue”).

The Open Offer and the Bonus Issue became unconditional on 30 April 2009 and the Company raised a total of approximately HK\$113,300,000 (before expenses).

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	<b>Number of shares in issue</b>	<b>Issued capital HK\$'000</b>	<b>Share premium account HK\$'000</b>	<b>Total HK\$'000</b>
At 1 April 2007	294,178,882	29,418	549,612	579,030
Exercise of share options	143,391,600	896	7,798	8,694
Subdivision of shares	5,625,263,158	—	—	—
Conversion of convertible notes	528,000,000	2,640	49,712	52,352
Repurchases of shares	(180,600,000)	(903)	(20,603)	(21,506)
Share issue expenses	—	—	(160)	(160)
At 31 March and 1 April 2008	6,410,233,640	32,051	586,359	618,410
Exercise of share options (a)	97,680,000	488	4,250	4,738
Placement of new shares (b)	2,932,600,000	14,663	121,934	136,597
Consolidation of shares (c)	(9,062,893,095)	—	—	—
Capital reduction (d)	—	(43,426)	—	(43,426)
Share issue expenses	—	—	(4,584)	(4,584)
At 31 March 2009	<u>377,620,545</u>	<u>3,776</u>	<u>707,959</u>	<u>711,735</u>

**SHARE OPTIONS**

Details of the Company's share option scheme are set out in note 36 to the financial statements.

**WARRANTS**

On 15 May 2007, the Company entered into a warrant agreement (the "Warrant Agreement") with Lehman Brothers Commercial Corporation Asia Limited and pursuant to which the Company agreed to issue a total of 10 million warrants attaching the rights to subscribe for 10 million ordinary shares of the Company for a total warrants' issue price of HK\$4,500,000. The Warrant Agreement was completed on 31 May 2007 and a total of 200 million warrants (adjusted for the effect of the share subdivision on 17 May 2007) attaching the rights to subscribe for 200 million ordinary shares of the Company of HK\$0.005 each were issued.

No warrants was exercised during the year and the Warrant Agreement expired on 26 November 2008.

**36. SHARE OPTION SCHEME**

The Company operates a share option scheme (the “Scheme”) which was adopted on 3 May 2002. Under the Scheme, share options may be granted any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether fulltime or part-time), secondee, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee (including any sub-licensee) or distributor of goods or services of the Group, or any landlord or tenant (including any sub-tenant) of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 3 May 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

**PURPOSE**

The purpose of the Scheme are to provide incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

**MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

Pursuant to the Scheme, the maximum number of share options that may be granted under the Scheme and any other share option schemes of the Company is an amount equivalent, upon their exercise, not in aggregate exceed 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options already granted or to be granted under the Scheme and any other schemes, shall not, in aggregate, exceed 10% of the number of shares in issue, as at the date of approval of the Scheme limit.

**MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associates) under the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.



Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK\$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associates) is also required to be approved by shareholders.

#### **BASIS OF DETERMINING THE EXERCISE PRICE**

The option price per share payable on the exercise of an option is determined by the directors provided that it shall be at least the higher of:

- (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and
- (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK\$1.00.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

During the year, 17,000,000 (2008: 7,150,000) share options were granted to employees under the Scheme. The following share options were outstanding under the Scheme during the year:

	<b>2009</b>		<b>2008</b>	
	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>
	<i>HK\$ per share</i>	<i>'000</i>	<i>HK\$ per share</i>	<i>'000</i>
At 1 April	0.1237	478,830	2.0502	32,547
Adjustment arising from subdivision of shares	—	—	—	582,525
Adjustment arising from share consolidation	—	(382,224)	—	—
Granted during the year	0.6750	17,000	0.1670	7,150
Exercised during the year	<u>0.0485</u>	<u>(97,680)</u>	<u>0.0606</u>	<u>(143,392)</u>
At 31 March	<u>3.4502</u>	<u>15,926</u>	<u>0.1237</u>	<u>478,830</u>

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.0485 (2008: HK\$0.0606).

The exercise prices and exercise periods of the share options outstanding as at that balance sheet date are as follows:

<b>2009</b>		
<b>Number of options</b>	<b>Exercise price *</b>	<b>Exercise period</b>
<i>'000</i>	<i>HK\$ per share</i>	
14,960	3.5625	1/3/2007 to 28/2/2017
286	4.1750	2/1/2009 to 1/1/2013
<u>680</u>	<u>0.6750</u>	<u>8/1/2010 to 7/1/2019</u>
<u>15,926</u>		
<b>2008</b>		
<b>Number of options</b>	<b>Exercise price *</b>	<b>Exercise period</b>
<i>'000</i>	<i>HK\$ per share</i>	
97,680	0.0485	12/11/2004 to 11/11/2014
374,000	0.1425	1/3/2007 to 28/2/2017
<u>7,150</u>	<u>0.1670</u>	<u>2/1/2009 to 1/1/2013</u>
<u>478,830</u>		

\* The exercise price of the share options is subject to adjustment in case of bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was HK\$207,000 (2008: HK\$467,000) and the Group recognised a share option expense of HK\$225,000 (2008: HK\$64,000) during the year ended 31 March 2009.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used.

	<b>2009</b>	<b>2008</b>
Expected dividend yield (%)	1.00	1.00
Expected volatility (%)	60.00	57.00
Risk-free interest rate (%)	1.40	2.60-3.10

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

The 97,680,000 share options exercised during the year resulted in the issue of 97,680,000 ordinary shares of the Company and new share capital of HK\$488,000 and share premium of approximately HK\$4,250,000 (before issue expenses), as further detailed in note 35 to the financial statements.

At the balance sheet date, the Company had 15,926,000 (2008: 478,830,000) share options outstanding under the Scheme. The exercise in full of these share options would, under the then capital structure of the Company, result in the issue of 15,926,000 (2008: 478,830,000) additional ordinary shares of the Company and additional share capital of approximately HK\$159,000 (2008: approximately HK\$2,394,000) and share premium of approximately HK\$54,789,000 (2008: approximately HK\$56,832,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 20,391,188 share options available for issue under the Scheme which represented approximately 0.9% of the Company's shares in issue as at that date.

### 37. RESERVES

#### (a) GROUP

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 34 of the financial statements.

Certain amounts of goodwill arising on the acquisition of subsidiaries and associates in prior years remain eliminated against consolidated reserves, as explained in note 18 to the financial statements.

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**
**(b) COMPANY**

		Share premium account	Contributed surplus (Note)	Share option reserve	Warrant reserve	Retained profits	Proposed final dividend	Total
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2007		549,612	121,364	7,633	—	192,518	19,540	890,667
Final 2007 dividend declared		—	—	—	—	—	(19,540)	(19,540)
Conversion of convertible notes	35	49,712	—	—	—	—	—	49,712
Issue of warrants	35	—	—	—	4,500	—	—	4,500
Exercise of share options	35	7,798	—	—	—	—	—	7,798
Repurchases of shares	35	(20,603)	—	—	—	—	—	(20,603)
Share issue expenses	35	(160)	—	—	—	—	—	(160)
Equity-settled share option arrangements	36	—	—	64	—	—	—	64
Profit for the year		—	—	—	—	180,187	—	180,187
Interim 2008 dividend	12	—	—	—	—	(10,319)	—	(10,319)
Proposed final 2008 dividend	12	—	—	—	—	(7,868)	7,868	—
At 31 March and 1 April 2008		586,359	121,364	7,697	4,500	354,518	7,868	1,082,306
Final 2008 dividend declared		—	—	—	—	—	(7,868)	(7,868)
Exercise of share options	35	4,250	—	—	—	—	—	4,250
Placement of new shares	35	121,934	—	—	—	—	—	121,934
Expiry of warrants	35	—	—	—	(4,500)	4,500	—	—
Capital reduction	35	—	43,426	—	—	—	—	43,426
Share issue expenses	35	(4,584)	—	—	—	—	—	(4,584)
Equity-settled share option arrangements	36	—	—	225	—	—	—	225
Profit for the year		—	—	—	—	187,426	—	187,426
Proposed final 2009 dividend	12	—	—	—	—	(11,329)	11,329	—
At 31 March 2009		<u>707,959</u>	<u>164,790</u>	<u>7,922</u>	<u>—</u>	<u>535,115</u>	<u>11,329</u>	<u>1,427,115</u>

*Note:* The contributed surplus of the Company originally derived from the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the Group's reorganisation on 6 February 1995 and the par value of the Company's shares issued in exchange therefore. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

## 38. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

## (a) MAJOR NON-CASH TRANSACTION

During the prior year, all the outstanding convertible notes with a face value of HK\$48,000,000 were converted into 528,000,000 new shares of the Company.

## (b) ACQUISITION OF SUBSIDIARIES

*YEAR ENDED 31 MARCH 2009*

On 13 February 2009, the Group entered into an acquisition agreement (the “Acquisition Agreement”) with Loyal Fame International Limited (“Loyal Fame”), a wholly-owned subsidiary of LeRoi, to acquire the 100% issued share capital of Everlong Limited (“Everlong”) and the loan advanced by Loyal Fame to Everlong for a cash consideration of HK\$63.4 million. Everlong and its subsidiaries (collectively the “Everlong Group”) are principally engaged in property investment. The Acquisition Agreement was completed on 25 March 2009.

The fair values of the identifiable assets and liabilities of the Everlong Group as at the date of acquisition approximated to the corresponding carrying amounts immediately before the acquisition and were as follows:

	<i>Notes</i>	<b>Fair value recognised on acquisition HK\$'000</b>
Property, plant and equipment	14	225
Investment properties	16	98,766
Trade receivables		19
Prepayments, deposits and other receivables		197
Cash and bank balances		1,568
Other payables and accruals		(565)
Deposits received and receipts in advance		(1,355)
Interest-bearing bank loans		<u>(33,391)</u>
		65,464
Excess over the cost of a business combination recognised in the income statement		<u>(2,064)</u>
Satisfied by cash		<u><u>63,400</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the Everlong Group is as follows:

	<i>HK\$'000</i>
Cash consideration	(63,400)
Cash and bank balances acquired	<u>1,568</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(61,832)</u>

The results of the Everlong Group since acquisition have no significant contribution to the Group's consolidated turnover and profit after tax for the year ended 31 March 2009.

Had the Acquisition Agreement taken place at the beginning of the year, the Group's consolidated turnover and profit after tax for the year ended 31 March 2009 would have been HK\$467,072,000 and HK\$62,127,000, respectively.

***YEAR ENDED 31 MARCH 2008***

Pursuant to the Shareholder Agreement dated 6 January 2008 entered into between the Group and the existing shareholders of Xuzhou Yuan Yang Trading Development Company Limited ("Xuzhou Yuan Yang"), the Group injected capital amounting to RMB35.7 million into Xuzhou Yuan Yang and obtained a 51% stake in the enlarged capital of Xuzhou Yuan Yang (the "Capital Injection"). Xuzhou Yuan Yang is principally engaged in the development, operation and management of an agricultural by-products wholesale market and related facilities, and rental of properties.

The Capital Injection was completed in August 2008 and Xuzhou Yuan Yang became a 51%-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Xuzhou Yuan Yang as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

		<b>2008</b>	
		<b>Fair value recognised on acquisition</b>	<b>Carrying amount</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	14	11,969	11,776
Investment properties	16	20,019	19,678
Trade receivables		201	201
Other receivables		6,429	6,429
Cash and bank balances		39,886	39,886
Other payables and accruals		<u>(28,704)</u>	<u>(28,704)</u>
		49,800	<u>49,266</u>
Minority interests		(24,402)	
Goodwill on acquisition	18	<u>11,444</u>	
Satisfied by cash		<u>36,842</u>	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash consideration	(36,842)
Cash and bank balances acquired	<u>39,886</u>
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u>3,044</u>

Since its acquisition, Xuzhou Yuan Yang contributed HK\$11,913,000 to the Group's turnover and HK\$4,091,000 to the consolidated profit for the year ended 31 March 2008.

There would have been no significant differences to the Group's consolidated profit for the year had the acquisition taken place at the beginning of the year.

**(c) DISPOSAL OF SUBSIDIARIES**

- (i) On 31 July 2008, the Group entered into an agreement (the “Disposal Agreement”) with Joyful Leap Investments Limited (“Joyful Leap”), a wholly-owned subsidiary of LeRoi, for the disposal of the entire equity interest in Strengthen Investments, a wholly-owned subsidiary of the Group, and the assignment of the amount advanced by the Group to Strengthen Investments at an aggregate consideration of HK\$197,800,000. Strengthen Investments and its jointly-controlled entities (collectively the “Strengthen Investment Group”) have not commenced any operations other than matters in relation to obtaining a parcel of land in Fuzhou, Jiangxi Province, the PRC.

The Disposal Agreement was completed on 16 September 2008.

- (ii) On 12 February 2009, the Group entered into an agreement (the “Transfer Agreement”) with Super Treasure for the disposal of the entire equity interest in Shiney Day Investments Limited (“Shiney Day”), a wholly-owned subsidiary of the Group, for a cash consideration of HK\$150 million.

Shiney Day and its subsidiaries (collectively the “Shiney Day Group”) are principally engaged in the management and sub-licensing of agricultural by-products wholesale markets in Mainland China.

The Transfer Agreement was completed on 25 March 2009.



## YEAR ENDED 31 MARCH 2009

Details of the net assets disposed of under the Disposal Agreement and the Transfer Agreement and their financial impacts are summarised below.

		<b>2009</b>	<b>2009</b>	<b>2009</b>
		<b>Strengthen</b>	<b>Shiney</b>	
		<b>Investments</b>	<b>Day</b>	
		<b>Group</b>	<b>Group</b>	<b>Total</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets disposed of:				
Property, plant and equipment	14	316	205,887	206,203
Prepaid land lease payments	15	180,809	247	181,056
Investment properties	16	—	188,099	188,099
Prepayments, deposits and other receivables		1,199	6,683	7,882
Cash and cash equivalents		11,054	27,483	38,537
Trade and other payables		(162)	(44,402)	(44,564)
Tax payables		—	(3,140)	(3,140)
Interest-bearing bank loans		—	(45,341)	(45,341)
Deferred tax liabilities	34	—	(15,285)	(15,285)
Minority interests		—	(84,291)	(84,291)
		193,216	235,940	429,156
Release of exchange fluctuations reserve upon disposal		(11,077)	(9,404)	(20,481)
Goodwill released on disposal	18	—	6,444	6,444
Loan to Super Treasure		—	(238,200)	(238,200)
Gain on disposal of subsidiaries		15,661	155,220	170,881
		<u>197,800</u>	<u>150,000</u>	<u>347,800</u>
Satisfied by:				
Cash		<u>197,800</u>	<u>150,000</u>	<u>347,800</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>Strengthen Investments Group</b> <i>HK\$'000</i>	<b>Shiney Day Group</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Cash consideration	197,800	150,000	347,800
Cash and cash equivalents disposed of	<u>(11,054)</u>	<u>(27,483)</u>	<u>(38,537)</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>186,746</u>	<u>122,517</u>	<u>309,263</u>

### 39. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

(a)

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given to financial institutions in connection with facilities granted to subsidiaries	<u>252,325</u>	<u>577,371</u>

(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$978,000 (2008: HK\$799,000) as at 31 March 2009, as further explained under the heading "Employee benefits" in note 2.4 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees had achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

## 40. OPERATING LEASE ARRANGEMENTS

## (a) AS LESSOR

The Group leases its investment properties (note 16), sub-leases Chinese wet markets, shopping centres and car parks under operating lease arrangements, with leases negotiated for terms ranging from three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	27,897	25,610
In the second to fifth years, inclusive	7,062	13,791
After five years	<u>—</u>	<u>1,660</u>
	<u>34,959</u>	<u>41,061</u>

## (b) AS LESSEE

The Group leases certain Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to seven years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	67,875	52,802
In the second to fifth years, inclusive	71,554	49,466
After five years	<u>—</u>	<u>10,949</u>
	<u>139,429</u>	<u>113,217</u>

## 41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40(b) above, the Group had the following capital commitments at the balance sheet date:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Capital expenditure on property, plant and equipment	—	803
Capital expenditure for properties under development	—	10,856
Capital expenditure on properties held for sale	27,818	—
Capital expenditure for construction of investment properties in Mainland China	—	53,643
Acquisition of investment properties	—	49,842
Investment in an associate	—	18,787
Acquisition of associates	—	63,470
	<u>27,818</u>	<u>197,401</u>

At the balance sheet date, the Company did not have any significant commitments.

## 42. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

## (a) Transactions with Related Parties

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Rental income received from a director	(i)	984	802
Income from associates:	(ii)		
Management fee		996	996
Rental		3,141	1,657
Interest	(iii)	423	—
Management fee income from companies that were significantly influenced by an executive director of the Company	(ii)	960	960
Rental expenses paid to an associate	(ii)	<u>1,920</u>	<u>1,920</u>

*Notes:*

- (i) Certain investment properties of the Group were leased to a director at an agreed monthly rental of HK\$82,000 (2008: range from HK\$50,000 to HK\$82,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related parties.
- (iii) During the year, interest income was charged by the Group on loans advanced to WYTH, details of which are set out in note 26(i) to the financial statements.

- (b) Details of the Group's balances with associates as at the balance sheet date are disclosed in notes 20 and 26 to the financial statements.

## (c) Compensation of Key Management Personnel of the Group

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Short term employment benefits	4,531	4,172
Post-employment benefits	<u>80</u>	<u>75</u>
	<u>4,611</u>	<u>4,247</u>

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the financial statements.

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

**INTEREST RATE RISK**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on other components of the Group's equity.

	<b>Group</b>	
	<b>Increase/ (decrease) in basis points</b>	<b>Increase/ (decrease) in profit before tax <i>HK\$'000</i></b>
<b>2009</b>		
HK\$	100	(4,321)
HK\$	(100)	4,321
<b>2008</b>		
HK\$	100	(4,968)
RMB	100	(499)
HK\$	(100)	4,968
RMB	<u>(100)</u>	<u>499</u>

**FOREIGN CURRENCY RISK**

The Group has minimal transactional currency exposure arising from sales or purchases by operating units in currencies other than the units' functional currency, and hence it does not have any foreign currency hedging policies.

Part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries and jointly-controlled entities to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the PRC existing foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries and jointly-controlled entities may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries and jointly-controlled entities may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries and jointly-controlled entities' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in Euro, Pound Sterling (“GBP”) and RMB exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities).

	<b>Group</b>	
	<b>Increase/ (decrease) in exchange rate</b>	<b>Increase/ (decrease) in profit before tax</b>
	<i>%</i>	<i>HK\$’000</i>
<b>2009</b>		
If Euro strengthens against HK\$	10.988	1,351
If Euro weakens against HK\$	(10.988)	(1,351)
If GBP strengthens against HK\$	28.490	1,838
If GBP weakens against HK\$	(28.490)	(1,838)
If HK\$ strengthens against RMB	2.394	(658)
If HK\$ weakens against RMB	(2.394)	658
<b>2008</b>		
If Euro strengthens against HK\$	17.058	1,750
If Euro weakens against HK\$	(17.058)	(1,750)
If HK\$ strengthens against RMB	9.023	3,989
If HK\$ weakens against RMB	<u>(9.023)</u>	<u>(3,989)</u>

## CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, financial assets at fair value through profit or loss, amounts due from associates, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.



Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 25 and 26 respectively, to the financial statements.

## LIQUIDITY RISK

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted and undiscounted payments, was as follows:

	<b>2009</b>				
	<b>Within</b>	<b>1 to 2</b>	<b>3 to 5</b>	<b>Over</b>	<b>Total</b>
	<b>1 year or</b>	<b>years</b>	<b>years</b>	<b>5 years</b>	
	<b>on demand</b>				
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing bank loans	125,149	89,068	129,037	133,956	477,210
Trade payables ( <i>note 29</i> )	18,076	—	—	—	18,076
Other payables ( <i>note 30</i> )	10,135	—	—	—	10,135
	<u>153,360</u>	<u>89,068</u>	<u>129,037</u>	<u>133,956</u>	<u>505,421</u>
	<b>2008</b>				
	<b>Within</b>	<b>1 to 2</b>	<b>3 to 5</b>	<b>Over</b>	<b>Total</b>
	<b>1 year or</b>	<b>years</b>	<b>years</b>	<b>5 years</b>	
	<b>on demand</b>				
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing bank loans	358,552	48,224	83,327	93,621	583,724
Trade payables ( <i>note 29</i> )	24,624	—	—	—	24,624
Other payables ( <i>note 30</i> )	114,298	—	—	—	114,298
	<u>497,474</u>	<u>48,224</u>	<u>83,327</u>	<u>93,621</u>	<u>722,646</u>

**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

The maturity profile of the Company's financial liabilities as at the balance sheet date, based on the contracted and undiscounted payments, was as follows:

	<b>2009</b>				<b>Total</b> <i>HK\$'000</i>
	<b>Within 1 year or on demand</b> <i>HK\$'000</i>	<b>1 to 2 years</b> <i>HK\$'000</i>	<b>3 to 5 years</b> <i>HK\$'000</i>	<b>Over 5 years or no fixed terms of repayment</b> <i>HK\$'000</i>	
Interest-bearing bank loans	112,292	71,593	63,751	39,895	287,531
Other payables ( <i>note 30</i> )	780	—	—	—	780
Due to subsidiaries ( <i>note 19</i> )	—	—	—	314,025	314,025
	<u>113,072</u>	<u>71,593</u>	<u>63,751</u>	<u>353,920</u>	<u>602,336</u>
	<b>2008</b>				
	<b>Within 1 year or on demand</b> <i>HK\$'000</i>	<b>1 to 2 years</b> <i>HK\$'000</i>	<b>3 to 5 years</b> <i>HK\$'000</i>	<b>Over 5 years or no fixed terms of repayment</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Interest-bearing bank loans	138,342	39,157	75,419	17,503	270,421
Other payables ( <i>note 30</i> )	67,542	—	—	—	67,542
Due to subsidiaries ( <i>note 19</i> )	—	—	—	230,258	230,258
	<u>205,884</u>	<u>39,157</u>	<u>75,419</u>	<u>247,761</u>	<u>568,221</u>

**EQUITY PRICE RISK**

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (*note 27*) as at 31 March 2009. The Group's listed investments are listed on the Hong Kong, London, Paris, and Singapore stock exchanges and are valued at quoted market prices at the balance sheet date.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the balance sheet date, and their respective highest and lowest points during the year were as follows:

	<b>31 March 2009</b>	<b>High/low 2009</b>	<b>31 March 2008</b>	<b>High/low 2008</b>
Hong Kong — Hang Seng Index	13,576	25,755/12,812	22,849	31,650/19,904
London — FTSE 100	3,926	6,087/3,830	5,702	6,752/5,414
Paris — CAC 40 Index	2,807	5,014/2,702	4,707	6,168/4,417
Singapore — Straits Times Index	1,700	3,193/1,595	3,007	3,831/2,746

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date.

	<b>Carrying amount of equity investments <i>HK\$'000</i></b>	<b>Increase/ (decrease) in equity price %</b>	<b>Increase/ (decrease) in profit before tax <i>HK\$'000</i></b>
<b>2009</b>			
Investments held for trading listed in:			
Hong Kong	17,931	50.26	9,011
Hong Kong	17,931	(50.26)	(9,011)
Paris	1,489	46.10	687
Paris	1,489	(46.10)	(687)
Singapore	1,004	50.05	503
Singapore	1,004	(50.05)	(503)
<b>2008</b>			
Investments held for trading listed in:			
Hong Kong	27,882	54	15,140
Hong Kong	27,882	(54)	(15,140)
London	2,338	15	355
London	2,338	(15)	(355)
Paris	1,925	23	441
Paris	1,925	(23)	(441)
Singapore	5,556	22	1,203
Singapore	5,556	(22)	(1,203)

## CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 31 March 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital. The Group's policy is to maintain the gearing ratio not exceeding 40%. Net debt is calculated as a total of interest-bearing bank borrowings, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent. The gearing ratios as at the balance sheet dates were as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing bank borrowings ( <i>note 32</i> )	432,085	546,233
Less: Cash and cash equivalents ( <i>note 28</i> )	<u>(483,707)</u>	<u>(330,819)</u>
Net debt	<u>(51,622)</u>	<u>215,414</u>
Equity attributable to equity holders	<u>1,351,783</u>	<u>1,182,569</u>
Gearing ratio	<u>N/A</u>	<u>18.2%</u>

## 44. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Group had the following significant post balance sheet events:

- (a) Pursuant to the ordinary resolutions passed on 30 March 2009, the Company raised approximately HK\$113,300,000 (before expenses) by way of an open offer of 1,132,861,635 offer shares at a subscription price of HK\$0.10 per offer share on the basis of three offer shares for every one consolidated share, together with two bonus shares for every three offer shares taken up under the Open Offer.

The Open Offer and the Bonus Issue became unconditional on 30 April 2009.

- (b) On 7 May 2009, Rich Time Strategy Limited (“Rich Time”), an indirect wholly-owned subsidiary of the Company, entered into a Top-up Placing and Subscription Agreement with the Placing Agent and WYTH and pursuant to which, Rich Time agreed to place, through the Placing Agent, an aggregate of 165,000,000 existing ordinary shares of WYTH to certain private investors at a price of HK\$0.088 each (the “WYTH Top-up Placing”) and subscribe conditionally for an aggregate of 165,000,000 new ordinary shares of WYTH at a price of HK\$0.088 each (the “WYTH Top-up Subscription”).

The WYTH Top-up Placing and the WYTH Top-up Subscription were completed on 15 May 2009 and 21 May 2009, respectively. Upon completion of the WYTH Top-up Placing and the WYTH Top-up Subscription, the Group’s interests in WYTH were diluted from 26.21% to 21.85%.

#### **45. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 22 July 2009.

### 3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Set out below are the unaudited consolidated financial statements of the Group for the six months ended 30 September 2009 which are published in the Company's interim report 2009:

#### Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	<b>2008</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	280,864	181,789
Cost of sales		<u>(200,808)</u>	<u>(131,028)</u>
<b>Gross profit</b>		80,056	50,761
Other income and gains	4	22,984	22,405
Selling and distribution costs		(1,267)	(1,348)
Administrative expenses		(30,854)	(41,619)
Other expenses	5	(18,453)	(36,521)
Finance costs	6	(3,682)	(4,098)
Fair value gains/(losses) on financial assets at fair value through profit and loss		10,569	(23,640)
Fair value gains on revaluation of investment properties		33,045	15,767
Share of profits and losses of associates		<u>(6,120)</u>	<u>(42,026)</u>
<b>Profit/(loss) before tax</b>	7	86,278	(60,319)
Tax	8	<u>(16,552)</u>	<u>(10,398)</u>
<b>Profit/(loss) for the period</b>		<u><u>69,726</u></u>	<u><u>(70,717)</u></u>

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	<b>2008</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the period</b>		<u>69,726</u>	<u>(70,717)</u>
Exchange difference arising on translation of foreign operations		211	12,516
Change in fair value of available-for-sale investments		20,003	—
Share of other comprehensive income of associates		<u>117</u>	<u>—</u>
<b>Other comprehensive income for the period</b>		<u>20,331</u>	<u>12,516</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><u>90,057</u></u>	<u><u>(58,201)</u></u>
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the parent		69,727	(82,917)
Minority interests		<u>(1)</u>	<u>12,200</u>
		<u><u>69,726</u></u>	<u><u>(70,717)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		90,058	(76,526)
Minority interests		<u>(1)</u>	<u>18,325</u>
		<u><u>90,057</u></u>	<u><u>(58,201)</u></u>
<b>Dividends</b>			
Interim	10	<u><u>8,156</u></u>	<u><u>—</u></u>
<b>Earnings/(loss) per share</b>	9		(Restated)
Basic		<u><u>HK3.68 cents</u></u>	<u><u>(HK26.55) cents</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

## Interim Consolidated Statement of Financial Position

30 September 2009

		<b>30 September 2009 (Unaudited) HK\$'000</b>	<b>31 March 2009 (Audited) HK\$'000</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	15,683	16,849
Prepaid land lease payments		3,171	3,171
Investment properties		605,363	536,136
Goodwill		1,376	1,376
Interests in associates	13	199,513	216,625
Available-for-sale investments		24,531	—
Held-to-maturity financial assets		10,882	4,114
Other intangible assets		15,150	18,180
Loans receivable		265,993	281,241
Rental deposits paid		12,425	11,737
Deferred tax assets		555	555
<b>Total non-current assets</b>		<u>1,154,642</u>	<u>1,089,984</u>
<b>Current assets</b>			
Properties held for sale		557,253	262,272
Trade receivables	14	3,613	4,498
Prepayments, deposits and other receivables		100,081	46,720
Financial assets at fair value through profit or loss		29,731	20,424
Tax recoverable		326	107
Cash and cash equivalents		430,282	483,707
<b>Total current assets</b>		<u>1,121,286</u>	<u>817,728</u>
<b>Current liabilities</b>			
Trade payables	15	12,998	18,076
Other payables and accruals		20,858	20,542
Deposits received and receipts in advance		68,792	73,359
Interest-bearing bank loans		107,487	121,948
Provisions for onerous contracts		1,210	1,960
Tax payable		15,999	6,064
<b>Total current liabilities</b>		<u>227,344</u>	<u>241,949</u>



**APPENDIX I****FINANCIAL INFORMATION OF THE GROUP**

		<b>30 September 2009 (Unaudited) HK\$'000</b>	<b>31 March 2009 (Audited) HK\$'000</b>
	<i>Notes</i>		
<b>Net current assets</b>		<u>893,942</u>	<u>575,779</u>
<b>Total assets less current liabilities</b>		<u>2,048,584</u>	<u>1,665,763</u>
<b>Non-current liabilities</b>			
Interest-bearing bank loans		500,054	310,137
Provisions for onerous contracts		250	250
Deferred tax liabilities		<u>8,649</u>	<u>3,196</u>
Total non-current liabilities		<u>508,953</u>	<u>313,583</u>
<b>Net assets</b>		<u><u>1,539,631</u></u>	<u><u>1,352,180</u></u>
<b>Equity</b>			
Equity attributable to equity holders of the parent			
Share capital	16	22,657	3,776
Reserves		1,508,422	1,336,678
Proposed dividends		<u>8,156</u>	<u>11,329</u>
		1,539,235	1,351,783
Minority interests		<u>396</u>	<u>397</u>
Total equity		<u><u>1,539,631</u></u>	<u><u>1,352,180</u></u>

## Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

	Attributable to equity holders of the parent												
	Issued share capital (Unaudited)	Share premium account (Unaudited)	Contributed surplus (Unaudited)	Share option reserve (Unaudited)	Exchange fluctuation reserve (Unaudited)	Available- for-sale investments revaluation reserve (Unaudited)	Warrant reserve (Unaudited)	Other reserve (Unaudited)	Retained profits (Unaudited)	Proposed dividend (Unaudited)	Total (Unaudited)	Minority interests (Unaudited)	Total equity (Unaudited)
At 1 April 2008	32,051	586,359	106,329	7,697	23,167	—	4,500	13,425	401,173	7,868	1,182,569	57,646	1,240,215
Final 2008 dividend declared	—	—	—	—	—	—	—	—	—	(7,868)	(7,868)	—	(7,868)
	32,051	586,359	106,329	7,697	23,167	—	4,500	13,425	401,173	—	1,174,701	57,646	1,232,347
Total comprehensive income for the period	—	—	—	—	6,391	—	—	—	(82,917)	—	(76,526)	18,325	(58,201)
Exercise of share options	488	4,249	—	—	—	—	—	—	—	—	4,737	—	4,737
Placements of shares	6,800	95,200	—	—	—	—	—	—	—	—	102,000	—	102,000
Share issue expenses	—	(2,965)	—	—	—	—	—	—	—	—	(2,965)	—	(2,965)
Disposal of a subsidiary	—	—	—	—	(11,077)	—	—	—	—	—	(11,077)	—	(11,077)
At 30 September 2008	<u>39,339</u>	<u>682,843</u>	<u>106,329</u>	<u>7,697</u>	<u>18,481</u>	<u>—</u>	<u>4,500</u>	<u>13,425</u>	<u>318,256</u>	<u>—</u>	<u>1,190,870</u>	<u>75,971</u>	<u>1,266,841</u>
At 1 April 2009	3,776	707,959	149,755	7,922	11,364	—	—	9,925	449,753	11,329	1,351,783	397	1,352,180
Final 2009 dividend declared	—	—	—	—	—	—	—	—	—	(11,329)	(11,329)	—	(11,329)
	3,776	707,959	149,755	7,922	11,364	—	—	9,925	449,753	—	1,340,454	397	1,340,851
Total comprehensive income for the period	—	—	—	—	211	20,003	—	117	69,727	—	90,058	(1)	90,057
Open offer	11,329	101,958	—	—	—	—	—	—	—	—	113,287	—	113,287
Bonus issue	7,552	(7,552)	—	—	—	—	—	—	—	—	—	—	—
Share issue expenses	—	(4,694)	—	—	—	—	—	—	—	—	(4,694)	—	(4,694)
Share option expenses	—	—	—	130	—	—	—	—	—	—	130	—	130
Interim 2009 dividend declared	—	—	—	—	—	—	—	—	(8,156)	8,156	—	—	—
At 30 September 2009	<u>22,657</u>	<u>797,671</u>	<u>149,755</u>	<u>8,052</u>	<u>11,575</u>	<u>20,003</u>	<u>—</u>	<u>10,042</u>	<u>511,324</u>	<u>8,156</u>	<u>1,539,235</u>	<u>396</u>	<u>1,539,631</u>

**Interim Condensed Statement of Cash Flows***For the six months ended 30 September 2009*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Net cash inflow/(outflow) from operating activities</b>	(316,650)	14,902
<b>Net cash inflow/(outflow) from investing activities</b>	(11,095)	83,275
<b>Net cash inflow from financing activities</b>	<u>271,404</u>	<u>9,517</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	(56,341)	107,694
Cash and cash equivalents at beginning of period	483,707	330,819
Effect of foreign exchange rate changes, net	<u>2,916</u>	<u>4,695</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>430,282</u></u>	<u><u>443,208</u></u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	89,931	92,105
Non-pledged time deposits with original maturity of less than three months when acquired	<u>340,351</u>	<u>351,103</u>
	<u><u>430,282</u></u>	<u><u>443,208</u></u>

**Notes to Interim Condensed Consolidated Financial Statements**

*For the six months ended 30 September 2009*

**1. BASIS OF PRESENTATION**

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Listing Rules and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

**2. PRINCIPAL ACCOUNTING POLICIES**

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2009 and in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, **HKASs**, and Interpretations) issued by **HKICPA**, except that the Group has in the current period applied, for the first time, the following new **HKFRSs**, which are effective for the Group’s financial year beginning on 1 April 2009:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	<i>Financial Instruments: Disclosures</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>

HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfer of Assets from Customers</i>

Apart from the above, the Group has also adopted *Improvements to HKFRSs*\* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

\* *Improvements to HKFRSs* contain amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The adoption of these new interpretations and amendments has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements, except for the followings:

(a) **HKFRS 8 Operating Segments**

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The adoption of HKFRS 8 did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments as previously identified under HKAS 14 *Segment Reporting*.

(b) **HKAS 1 (Revised) Presentation of Financial Statements**

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. HKAS 1 (Revised) also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> <sup>1</sup>
HKFRS 2 Amendments	<i>Group Cash-settled Share-based Payment Transactions</i> <sup>2</sup>
HKFRS 3 (Revised)	<i>Business Combinations</i> <sup>1</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKAS 24 (Revised)	<i>Related Party Disclosure</i> <sup>3</sup>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> <sup>1</sup>
HKAS 39 Amendments	<i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items</i> <sup>1</sup>

HK(IFRIC)-Int 17

*Distribution of Non-cash Assets to Owners*<sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2010.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2011.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2013.

In addition, *improvements to HKFRSs* were issued in May 2009 by HKICPA which contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendices to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. For management purposes, the Group operates in seven business units and has seven reportable operating segments. Each of the Group's reportable operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable operating segments. Summary details of the reportable operating segments are as follows:

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment invests in industrial and commercial premises and residential units for rental income;
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;
- (d) the shopping centres segment engages in the management and sub-licensing of shopping centres;
- (e) the agricultural by-products wholesale markets segment engages in the operations and management of agricultural by-products wholesale markets;

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

- (f) the trading of agricultural by-products segment engages in the wholesale and retail of agricultural by-products; and
- (g) the corporate and others segment comprises the Group's management service business. This segment also includes corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following table presents revenue and result information for the Group's operating segments for the six months ended 30 September 2009 and 2008, respectively.

	Property development (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Chinese wet markets (Unaudited) <i>HK\$'000</i>	Shopping centres (Unaudited) <i>HK\$'000</i>	Agricultural by-products wholesale markets (Unaudited) <i>HK\$'000</i>	Trading of agricultural by-products (Unaudited) <i>HK\$'000</i>	Corporate and others (Unaudited) <i>HK\$'000</i>	Eliminations (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
<b>2009</b>									
<b>Group</b>									
Segment revenue:									
Sales to external customers	115,761	15,500	100,628	6,658	11,316	31,001	—	—	280,864
Intersegment sales	—	—	—	—	—	—	1,018	(1,018)	—
Other revenue	<u>67</u>	<u>402</u>	<u>7,335</u>	<u>351</u>	<u>12</u>	<u>994</u>	<u>4,826</u>	<u>(169)</u>	<u>13,818</u>
Total	<u>115,828</u>	<u>15,902</u>	<u>107,963</u>	<u>7,009</u>	<u>11,328</u>	<u>31,995</u>	<u>5,844</u>	<u>(1,187)</u>	<u>294,682</u>
Segment results	<u>28,248</u>	<u>44,465</u>	<u>17,650</u>	<u>1,401</u>	<u>4,189</u>	<u>(737)</u>	<u>(8,133)</u>	<u>(169)</u>	<u>86,914</u>
Interest income									9,166
Finance costs									(3,682)
Share of profits and losses of associates									<u>(6,120)</u>
Profit before tax									86,278
Tax									<u>(16,552)</u>
Profit for the period									<u><u>69,726</u></u>

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

2008 Group	Property development	Property investment	Chinese wet markets	Shopping centres	Agricultural by-products wholesale markets	Trading of agricultural by-products	Corporate and others	Elimina- tions	Consolidated
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:									
Sales to external customers	19,246	6,972	79,303	6,663	23,993	45,612	—	—	181,789
Intersegment sales	—	—	—	—	—	—	1,122	(1,122)	—
Other revenue	—	130	1,591	87	360	—	18,310	(270)	20,208
Total	<u>19,246</u>	<u>7,102</u>	<u>80,894</u>	<u>6,750</u>	<u>24,353</u>	<u>45,612</u>	<u>19,432</u>	<u>(1,392)</u>	<u>201,997</u>
Segment results	<u>1,260</u>	<u>(16,071)</u>	<u>9,625</u>	<u>1,287</u>	<u>32,507</u>	<u>72</u>	<u>(44,892)</u>	<u>(180)</u>	<u>(16,392)</u>
Interest income									2,197
Finance costs									(4,098)
Share of profits and losses of associates									<u>(42,026)</u>
Loss before tax									(60,319)
Tax									<u>(10,398)</u>
Loss for the period									<u><u>(70,717)</u></u>



## 4. OTHER INCOME AND GAINS

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	600	1,682
Other interest income	8,566	515
Compensation received in respect of a fire accident	4,500	—
Gain on disposal of financial assets at fair value through profit or loss	615	396
Gain on disposal of a subsidiary	—	11,470
Dividend income from listed securities	131	951
Recognition of a deferred gain	403	902
Others	8,169	6,489
	<u>22,984</u>	<u>22,405</u>

## 5. OTHER EXPENSES

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss on deemed disposal of interest in an associate	18,445	31,764
Loss on disposal of an investment property	—	4,520
Others	8	237
	<u>18,453</u>	<u>36,521</u>

## 6. FINANCE COSTS

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	<u>3,682</u>	<u>4,098</u>

## 7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	32,348	42,914
Cost of services provided	88,208	74,380
Cost of properties sold	80,252	13,734
Depreciation	3,134	3,008
Amortisation of prepaid land lease payments	—	1,878
Amortisation of other intangible assets	3,030	3,030
Amount released from onerous contracts, net	<u>(750)</u>	<u>(600)</u>

## 8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Current tax charge for the period:		
Hong Kong	10,928	3,636
Mainland China	172	284
Deferred	<u>5,452</u>	<u>6,478</u>
Tax charge for the period	<u><u>16,552</u></u>	<u><u>10,398</u></u>

Share of tax attributable to associates amounting to HK\$322,000 (2008: HK\$284,000) is included in "Share of profits and losses of associates" on the face of the unaudited consolidated statement of comprehensive income.

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<u><u>69,727</u></u>	<u><u>(82,917)</u></u>

	Number of Shares	
	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
<b>Shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>1,894,327,239</u>	<u>312,373,855*</u>

\* *The weighted average number of ordinary shares in 2008 has been retrospectively adjusted for the twenty five-to-one share consolidation taken place on 31 March 2009.*

The diluted earnings/(loss) per share amounts for the period ended 30 September 2009 and 30 September 2008 have not been disclosed as no diluting events existed during these periods.

#### 10. DIVIDENDS PAID AND DECLARED

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend declared and paid during the six month period:		
Final dividend for 2009 of HK0.5 cents per share (2008: HK2.5 cents per share)	<u>11,329</u>	<u>7,868</u>
Dividend proposed for approval:		
Interim dividend for 2009: HK0.3 cents per share (2008: Nil)	<u>8,156</u>	<u>—</u>

#### 11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 30 September 2009, the Groups incurred HK\$1,576,000 (2008: HK\$54,522,000) on the addition of items of property, plant and equipment.

During the six months ended 30 September 2009, the Group did not incur any expenditure (2008: HK\$29,400,000) on properties under development.

## 12. PLEDGE OF ASSETS

As at 30 September 2009, the Group's properties held for sale with an aggregate carrying value of HK\$534,064,000 (As at 31 March 2009: HK\$240,908,000), and investment properties with an aggregate carrying value of HK\$503,621,000 (As at 31 March 2009: HK\$420,572,000) and certain rental income generated therefrom were pledged to secure certain of the Group's general banking facilities.

## 13. INTERESTS IN ASSOCIATES

	<b>30 September 2009 (Unaudited) HK\$'000</b>	<b>31 March 2009 (Audited) HK\$'000</b>
Share of net assets	202,111	219,685
Deferred gains	<u>(2,015)</u>	<u>(2,418)</u>
	200,096	217,267
Due from associates - <i>Note</i>	307	248
Due to associates - <i>Note</i>	<u>(887)</u>	<u>(887)</u>
	199,516	216,628
Provisions for impairment	<u>(3)</u>	<u>(3)</u>
	<u>199,513</u>	<u>216,625</u>

*Note:* The balances with associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

Particulars of the principal associates at the balance sheet date are as follows:

Name	Particulars of issued share/ registered capital	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group		Principal activities
			30 September 2009	31 March 2009	
WYTH*	Ordinary shares of HK\$0.01 each	Bermuda/ Hong Kong	21.85 (Notes)	26.21	Manufacturing, processing and sale of traditional Chinese and Western pharmaceutical, health food products and property holding
Changzhou Ling Jia Tang Hong-Jin Logistic Development Company Limited	Paid-up capital of US\$20,000,000	PRC	40	40	Agricultural by-products wholesale market

\* Listed on the Stock Exchange.

Notes:

- (a) On 7 May 2009, Rich Time Strategy Limited (“**Rich Time**”), an indirect wholly owned subsidiary of the Company, entered into a Top-up Placing and Subscription Agreement with Kingston Securities Limited (the “**Placing Agent**”) and WYTH and pursuant to which, Rich Time agreed to place, through the Placing Agent, an aggregate of 165,000,000 existing ordinary shares of WYTH to certain independent investors at a price of HK\$0.088 each (the “**WYTH Top-up Placing**”) and subscribe conditionally for an aggregate of 165,000,000 new ordinary shares of WYTH at a price of HK\$0.088 each (the “**WYTH Top-up Subscription**”).

The WYTH Top-up Placing and the WYTH Top-up Subscription were completed on 15 May 2009 and 21 May 2009, respectively. Upon completion of the WYTH Top-up Placing and the WYTH Top-up Subscription, the Group’s interests in WYTH were diluted from 26.21% to 21.85%.

- (b) On 14 August 2009, WYTH approached the board of directors of LeRoi Holdings Limited (“**LeRoi**”), an associate of WYTH, for a partial share exchange offer (the “**Partial Share Exchange Offer**”). Pursuant to the Partial Share Exchange Offer, WYTH would acquire conditionally from certain independent shareholders of LeRoi (the “**LeRoi Independent Shareholders**”) 1,463,835,000 ordinary shares of LeRoi (“**LeRoi Shares**”), and in return WYTH would allot 3,659,587,500 new ordinary shares of WYTH (“**WYTH Shares**”) to the LeRoi Independent Shareholders on the basis of five new WYTH Shares for every two LeRoi Shares acquired.

The Partial Share Exchange Offer was completed on 18 November 2009 and WYTH allotted and issued a total of 3,659,587,500 new shares to the LeRoi Independent Shareholders. As a result, the Group’s interests in WYTH were diluted from 21.85% to 8.68%.

## 14. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the reporting date, based on invoice date, is as follows:

	<b>30 September 2009 (Unaudited) <i>HK\$'000</i></b>	<b>31 March 2009 (Audited) <i>HK\$'000</i></b>
Within 90 days	1,867	4,279
91 days to 180 days	1,194	251
Over 180 days	<u>791</u>	<u>239</u>
	3,852	4,769
Less: Impairment	<u>(239)</u>	<u>(271)</u>
	<u><u>3,613</u></u>	<u><u>4,498</u></u>

The Group generally grants 14 to 45 days credit period to customers for its sub-leasing business and no credit is granted to customers of other businesses.

## 15. TRADE PAYABLES

An aged analysis of the trade payables as at the reporting date, based on invoice date, is as follows:

	<b>30 September 2009 (Unaudited) <i>HK\$'000</i></b>	<b>31 March 2009 (Audited) <i>HK\$'000</i></b>
Within 90 days	<u>12,998</u>	<u>18,076</u>

The trade payable are non-interest bearing and have an average terms of 30 days. The carrying amounts of the trade payables approximate to their fair values.

## 16. SHARE CAPITAL

## Shares

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Authorised:		
20,000,000,000 (31 March 2009: 20,000,000,000) ordinary shares of HK\$0.01 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
2,265,723,270 (31 March 2009: 377,620,545) ordinary shares of HK\$0.01 each	<u>22,657</u>	<u>3,776</u>

- (a) Pursuant to the ordinary resolutions passed on 30 March 2009, the Company made an open offer (the “**Open Offer**”) of 1,132,861,635 offer shares at a subscription price of HK\$0.10 per offer share on the basis of three offer shares for every existing share of the Company, together with a bonus issue (the “**Bonus Issue**”) of 755,241,090 bonus shares on the basis of two bonus shares for every three offer shares taken up under the Open Offer.

The Open Offer and the Bonus Issue became unconditional on 30 April 2009 and the Company raised a total of HK\$113,300,000 (before expenses).

- (b) On 13 October 2009, the Company entered into a placing agreement with the Placing Agent to place an aggregate of 453,000,000 new ordinary shares of the Company to no fewer than six placees at a price of HK\$0.14 per share (the “**Placing**”). Upon completion of the Placing on 3 November 2009, the Company raised a total of HK\$63,420,000 (before expenses).

## Share options

Details of the Company’s share option scheme are set out in the section “Share Option Scheme” of the interim report 2009.



## 17. CONTINGENT LIABILITIES

At the reporting date, the Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employee Ordinance, with a maximum possible amount of HK\$1,057,000 (31 March 2009: HK\$978,000). The contingent liability has arisen because, at the reporting date, a number of current employees have achieved the required number of years of service of the Group in order to be eligible for long service payments under the Employment Ordinance if their employment was to be terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

## 18. OPERATING LEASE ARRANGEMENTS

## (a) As lessor

The Group leases its investment properties, and sub-leases Chinese wet markets, shopping centres and car parks and agricultural by-products wholesale markets under operating lease arrangements, with leases negotiated for terms ranging from three months to four years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the reporting date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2009 (Unaudited) <i>HK\$'000</i></b>	<b>31 March 2009 (Audited) <i>HK\$'000</i></b>
Within one year	216,646	151,003
In the second to fifth years, inclusive	<u>129,749</u>	<u>146,983</u>
	<u>346,395</u>	<u>297,986</u>

## (b) As lessee

The Group leases certain Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to six years.

At the reporting date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2009 (Unaudited) <i>HK\$'000</i></b>	<b>31 March 2009 (Audited) <i>HK\$'000</i></b>
Within one year	81,457	67,875
In the second to fifth years, inclusive	<u>139,880</u>	<u>71,554</u>
	<u>221,337</u>	<u>139,429</u>

## 19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18(b) above, the Group had the following capital commitments at the reporting date:

	<b>30 September 2009 (Unaudited) <i>HK\$'000</i></b>	<b>31 March 2009 (Audited) <i>HK\$'000</i></b>
Contracted, but not provided for:		
Capital expenditure for investment properties	49,828	—
Capital expenditure for property under development	107,000	—
Capital expenditure for property held for sale	<u>86,859</u>	<u>27,818</u>
	<u>243,687</u>	<u>27,818</u>

## 20. RELATED PARTY TRANSACTIONS

In addition to the transactions set out elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

## (a) Transactions with related parties

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	<b>2008</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income received from a director	(i)	492	492
Income from associates:	(ii)		
Management fee		48	349
Rental		1,500	4,022
Loan interest income		490	—
Rental expenses paid to an associate	(ii)	<u>840</u>	<u>960</u>

(i) An investment property of the Group was leased to a director of the Company, Mr. Tang Ching Ho, at an agreed monthly rental of HK\$82,000. The rentals were determined with reference to the prevailing market rates.

(ii) The transactions were based on terms mutually agreed between both parties.

## (b) Compensation of key management personnel of the Group

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employment benefits	1,294	1,927
Post-employment benefits	<u>34</u>	<u>40</u>
	<u>1,328</u>	<u>1,967</u>

## 21. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 16 December 2009.

#### **4. FINANCIAL AND TRADING PROSPECTS**

In December 2009, the public auction for 2 parcels of land in Tai Po was well attended by leading property developers. The final bid price was in line with the market expectation. Given that the recently supply of land in Hong Kong is very limited particularly via public auction it is expected that the property market in Hong Kong will continue to be stable. In addition to the recent acquisition of two parcels of land in Yau Tong, the Group will pursue to locate potential land sites and investment properties for building up more diversified land banks.

The Group continues to be the market leader for the management and sub-licensing of Chinese wet market in Hong Kong and will further consolidate our leading position by seeking more management contracts both in Hong Kong and PRC in the coming year.

#### **5. INDEBTEDNESS OF THE GROUP**

As at the close of business on 31 December 2009, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of the Prospectus, the Group had outstanding bank loans of approximately HK\$730,369,000 and all of which were secured by the Group's investment properties and certain rental income generated therefrom, properties under development and properties held for sale. The carrying values of the Group's investment properties, properties under development and properties held for sale as at 31 December 2009, which were pledged to secure the Group's bank loans, amounted to HK\$550,789,000, HK\$124,079,000 and HK\$603,760,000, respectively.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 December 2009, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

#### **6. WORKING CAPITAL STATEMENT**

The Directors are satisfied after due and careful enquiry that after taking into account the existing banking and other borrowing facilities available and the existing cash and bank balances, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this prospectus, in the absence of unforeseeable circumstances.

#### **7. MATERIAL ADVERSE CHANGE**

The Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 March 2009 (being the date on which the latest published audited consolidated financial statements of the Company were made up) up to and including the Latest Practicable Date.

---

**APPENDIX II      UNAUDITED PRO FORMA STATEMENT OF ADJUSTED  
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---



18th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

24 February 2010

The Directors  
Wang On Group Limited  
5th Floor, Wai Yuen Tong Medicine Building  
Kowloon Bay  
Kowloon  
Hong Kong

**Wang On Group Limited**  
**Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets**

Dear Sirs

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of Wang On Group Limited (the “Company”) and its subsidiaries and jointly-controlled entities (hereafter collectively referred to as the “Group”), which has been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the proposed rights issue (including the associated bonus issue) of the Company (the “Rights Issue”) might have affected the consolidated net tangible assets of the Group if the Rights Issue had taken place at 30 September 2009, for inclusion in Appendix II to the prospectus of the Company dated 24 February 2010 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

**Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

---

## **APPENDIX II            UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

### **Basis of opinion**

We conducted our engagement in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 September 2009 or any future dates; or
- the consolidated net tangible assets per share of the Group as at 30 September 2009 or any future dates.

### **Opinion**

In our opinion:

- i) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

---

**APPENDIX II            UNAUDITED PRO FORMA STATEMENT OF ADJUSTED  
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---

- ii) such basis is consistent with the accounting policies of the Group; and
  
- iii) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

---

**APPENDIX II            UNAUDITED PRO FORMA STATEMENT OF ADJUSTED  
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP**

**INTRODUCTION**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to illustrate the effect of the Rights Issue (including the associated Bonus Issue) on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2009.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited equity attributable to equity holders of the parent as at 30 September 2009, as extracted from the published interim report of the Company for the period ended 30 September 2009 as set out in Appendix I to the Prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes.



---

**APPENDIX II      UNAUDITED PRO FORMA STATEMENT OF ADJUSTED  
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue.

Consolidated net assets of the Group attributable to the equity holders of the Company as at 30 September 2009 <i>HK\$'000</i> <i>(Note 1)</i>	Less: Intangible assets and goodwill <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2009 <i>HK\$'000</i>	Estimated net proceeds from the issue of the Rights Shares and the Bonus Shares <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the issue of the Rights Shares and the Bonus Shares <i>HK\$'000</i>	
Based on 1,631,233,962 Rights Shares and 1,087,489,308 Bonus Shares to be issued	<u>1,539,235</u>	<u>(16,526)</u>	<u>1,522,709</u>	<u>294,500</u>	<u>1,817,209</u>
Unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share as at 30 September 2009 and prior to the completion of the Rights Issue <i>(Note 4)</i>					<u>3.360</u>
Unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share upon the completion of the Rights Issue <i>(Note 5)</i>					<u>0.573</u>

*Notes :*

1. The unaudited equity attributable to equity holders of the parent as at 30 September 2009 is extracted from the published interim report of the Company for the period ended 30 September 2009 as set out in Appendix I to the Prospectus.
2. Goodwill and other intangible assets represent the Group's goodwill and other intangible assets of HK\$1,376,000 and HK\$15,150,000, respectively, as at 30 September 2009. These figures are extracted from the published interim report of the Company for the period ended 30 September 2009 as set out in Appendix I to the Prospectus.

---

**APPENDIX II                      UNAUDITED PRO FORMA STATEMENT OF ADJUSTED  
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

---

3. The estimated net proceeds from the Rights Issue of approximately HK\$294.5 million are based on 1,631,233,962 Rights Shares to be issued at the subscription price of HK\$0.185 per Rights Share and after deduction of estimated related expenses of approximately HK\$7.3 million.
4. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share is based on 453,144,654 Consolidated Shares in issue as at 30 September 2009 (as adjusted by the Share Consolidation).
5. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share after completion of the Rights Issue, including the issue of Bonus Shares, is calculated based on 3,171,867,924 Consolidated Shares in issue upon completion of the Rights Issue, which comprise the existing 453,144,654 Consolidated Shares in issue as at 30 September 2009, 1,631,233,962 Consolidated Shares to be issued pursuant to the Rights Issue and 1,087,489,308 Consolidated Shares upon the issue of Bonus Shares.
6. No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 September 2009, including, inter alia, the placing of new shares by the Company and the exercise of any Share Options.

Set out below is a summary of certain provisions of the memorandum of association (the “Memorandum of Association”) and bye-laws (the “Bye-laws”) of the Company and of certain aspects of Bermuda company law.

## **1. MEMORANDUM OF ASSOCIATION**

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed including to act and perform all functions of a holding company. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the “board”) upon such terms and subject to such conditions as it thinks fit.

## **2. BYE-LAWS**

The Bye-laws were adopted on 26 August, 2009. The following is a summary of certain provisions of the Bye-laws:

### **(a) Directors**

#### *(i) Power to allot and issue shares and warrants*

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act and the Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

*Note:* The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed “Bermuda Company Law” in this Appendix.

(v) *Financial assistance to purchase shares of the Company*

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived);  
or
- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

*(vii) Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

*Note:* There are no provisions relating to retirement of Directors upon reaching any age limit.

Subject to authorisation by the members in general meeting, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director so appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.



(ix) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

*Note:* These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) **Alterations to constitutional documents**

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (v) change the currency denomination of its share capital; and
- (vi) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation) by its duly authorised representative or by proxy holding or representing not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

**(e) Special resolution-majority required**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designed Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and not less than ten (10) clear business days has been given.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year other than the year of its incorporation at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company at the annual general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all

applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), and to obtaining all necessary consents, if any, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings shall be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Bye-laws) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any

case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

**(l) Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

**(m) Dividends and other methods of distribution**

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

**(o) Call on shares and forfeiture of shares**

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(p) Inspection of register of members**

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the requirements of the Designated Stock Exchange (as defined in the Bye-laws).

**(q) Quorum for meetings and separate class meetings**

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of



members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Other provisions**

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

### **3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS**

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice and not less than twenty (20) clear business days'

notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of twenty-one (21) clear days' notice and not less than twenty (20) clear business days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

#### **4. BERMUDA COMPANY LAW**

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

##### **(a) Share capital**

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
  - (aa) the preliminary expenses of the company; or
  - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

**(b) Financial assistance to purchase shares of a company or its holding company**

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

**(c) Purchase of shares and warrants by a company and its subsidiaries**

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company

in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

**(d) Dividends and distributions**

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

**(e) Protection of minorities**

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make

such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

**(f) Management**

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

**(g) Accounting and auditing requirements**

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at

the end of each three-month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six-month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

**(h) Auditors**

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

**(i) Exchange control**

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

**(j) Taxation**

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

**(k) Stamp duty**

An exempted company is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

**(l) Loans to directors**

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

**(m) Inspection of corporate records**

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company’s certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company’s memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company’s audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment



of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) **Winding up**

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

## **5. GENERAL**

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix IV. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**1. RESPONSIBILITY STATEMENT**

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, opinions expressed in this prospectus have been arrived at after due and careful consideration and there are no other facts not contained in this prospectus the omission of which would make any statement herein misleading.

**2. SHARE CAPITAL****(a) Share Capital**

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Share Consolidation, the Rights Issue and the Bonus Issue (assuming the Rights Issue and the Bonus Issue becoming unconditional and all Rights Shares and the Bonus Shares are subscribed for by the Qualifying Shareholders) were or will be as follows:

<i>Authorised:</i>	<i>HK\$</i>
20,000,000,000 Shares (equivalent to 4,000,000,000 Consolidated Shares)	<u>200,000,000.00</u>
 <i>Issued and to be issued as fully paid:</i>	
543,744,654 Consolidated Shares as at the Latest Practicable Date (assuming Share Consolidation becoming effective)	27,187,232.70
1,631,233,962 Rights Shares to be issued pursuant to the Rights Issue	81,561,698.10
1,087,489,308 Bonus Shares to be issued pursuant to the Bonus Issue	<u>54,374,465.40</u>
3,262,467,924 Consolidated Shares	<u>163,123,396.20</u>

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, the Consolidated Shares, the Rights Shares or the Bonus Shares or any other securities of the Company to be listed or dealt in on any other stock exchanges.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. The Rights Shares and the Bonus Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Shares. Save as disclosed in the section “Appendix I — Financial Information of the Group — 2. Audited Consolidated Financial Statements of the Group for the Two Years Ended 31 March 2009 — note 43. Financial Risk Management Objectives and Policies — Foreign Currency Risk”, there is no restriction effecting the remittance of profits or the regulation of capital into Hong Kong from outside Hong Kong.

(b) **Options, derivatives, warrants and conversion rights:**

Set out below are the details of the outstanding Share Options granted under the Share Option Scheme as at the Latest Practicable Date:

Date of grant	Number of underlying Shares which are the subject of the outstanding Share Options	Exercise price per Share HK\$	Exercise period
1 March 2007	45,558,561	1.0447	1/3/2007 - 28/2/2017
2 January 2008	975,281	1.2243	2/1/2009 - 1/1/2013*
8 January 2009	<u>2,209,727</u>	0.1979	8/1/2010 - 7/1/2019*
	<u>48,743,569</u>		

\* The Share Options were vested as follows:

On 1st anniversary of the date of grant:	30% vest
On 2nd anniversary of the date of grant:	further 30% vest
On 3rd anniversary of the date of grant:	remaining 40% vest

*Note:*

As at the Latest Practicable Date, apart from Mr. Chan Chun Hong, Thomas who held outstanding Share Options representing 531,970 underlying Shares, the Directors, Mr. Tang and parties acting in concert with him do not hold any outstanding Share Options. Apart from Mr. Tang, Ms. Yau Yuk Yin (“**Ms. Yau**”) and Mr. Chan Chun Hong, Thomas, as at the Latest Practicable Date, no Director held any relevant securities of the Company.

Save for the outstanding Share Options, the Company had no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

**(c) Movements in issued share capital**

Since 31 March 2009 and up to the Latest Practicable Date, the Company had issued a total of 2,341,102,725 Shares pursuant to the open offer completed on 7 May 2009 (as detailed in the Company's prospectus dated 9 April 2009 and the Company's announcement dated 5 May 2009) and the placing of new Shares completed on 3 November 2009 (as detailed in the Company's announcements dated 13 October 2009 and 3 November 2009). Save as aforesaid, there had been no alteration in the number of Shares issued since 31 March 2009, the date on which the latest audited financial statements of the Group were made up, and up to the Latest Practicable Date.

**3. DISCLOSURE OF INTERESTS****(a) Interests of Directors**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

*Long positions in the Consolidated Shares or underlying Consolidated Shares:*

Name of Directors	Number of Consolidated Shares or underlying Consolidated Shares held, capacity and nature of interest <i>(Note (a))</i>					Approximate percentage of the Company's total issued share capital %
	Personal interest	Family interest	Corporate interest	Other interest	Total	
Mr. Tang	4,671,054	4,671,048 <i>(Note (b))</i>	17,086,111 <i>(Note (c))</i>	1,629,867,965 <i>(Note (d))</i>	1,656,296,178	49.87
Ms. Yau	4,671,048	21,757,165 <i>(Note (e))</i>	—	1,629,867,965 <i>(Note (f))</i>	1,656,296,178	49.87
Mr. Chan Chun Hong, Thomas	106,394 <i>(Note (g))</i>	—	—	—	106,394	0.003

*Notes:*

- (a) The interests are based on (i) the Share Consolidation has become effective; (ii) the Rights Issue and the Bonus Issue have completed on the basis that all outstanding Share Options have been exercised in full on the Record Date and Time; and (iii) 3,320,960,208 Consolidated Shares will be in issue upon the Share Consolidation, the Rights Issue and the Bonus Issue becoming effective.

- (b) Mr. Tang was taken to be interested in those Consolidated Shares in which his spouse, Ms. Yau, was interested.
- (c) Mr. Tang was taken to be interested in those Consolidated Shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (d) Mr. Tang was taken to be interested in those Consolidated Shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (e) Ms. Yau was taken to be interested in those Consolidated Shares in which her spouse, Mr. Tang, was interested.
- (f) Ms. Yau was taken to be interested in those Consolidated Shares by virtue of being a beneficiary of Tang's Family Trust.
- (g) These Consolidated Shares represent such shares of the Company which may fall to be issued upon the exercise of the Share Options by Mr. Chan Chun Hong, Thomas during the period ranging from 2 January 2009 to 7 January 2019, which number and exercise price thereof are subject to adjustment(s) in accordance with the Share Option Scheme as a result of the Share Consolidation, the Rights Issue and the Bonus Issue.

**(b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed below, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

(i) *Long positions in the Shares*

Name of Shareholders	Notes	Capacity	Number of the Consolidated Shares (Note (a))	Approximate percentage of the Company's total issued share capital %
Accord Power Limited ("Accord Power")	(b)	Beneficial owner	1,629,867,965	49.08
Trustcorp Limited	(b)	Interest of controlled corporation	1,629,867,965	49.08
Newcorp Ltd.	(c)	Interest of controlled corporation	1,629,867,965	49.08

Name of Shareholders	Notes	Capacity	Number of the Consolidated Shares (Note (a))	Approximate percentage of the Company's total issued share capital %
The Underwriter	(d)	Beneficial owner	2	
		Other	1,226,108,912	36.92
Ms. Chu Yuet Wah	(d)	Interest of controlled corporation	1,226,108,914	36.92
Ms. Ma Siu Fong	(d)	Interest of controlled corporation	1,226,108,914	36.92

*Notes:*

- (a) The interests are based on (i) the Share Consolidation has become effective; (ii) the Rights Issue and the Bonus Issue have completed on the basis that the Share Options have been exercised in full on the Record Date and Time; and (iii) 3,320,960,208 Consolidated Shares will be in issue upon the Share Consolidation, the Rights Issue and the Bonus Issue becoming effective.
- (b) Accord Power is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust. Accordingly, Trustcorp Limited was taken to be interested in those Consolidated Shares held by Accord Power.
- (c) Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd. and, accordingly, Newcorp Ltd. was taken to be interested in those Consolidated Shares in which Trustcorp Limited was interested.
- (d) These Consolidated Shares were held by the Underwriter as an underwriter of the Rights Issue (with the Bonus Issue). Ms. Chu Yuet Wah and Ms. Ma Siu Fong owned 51% and 49% interests in the Underwriter respectively.

(ii) *Interests in subsidiaries of the Company*

Name of subsidiaries	Name	Capacity	Approximate shareholding percentage %
Wang Hing Vegetables Wholesale Company Limited	Lam Mei Ki	Beneficial owner	49
Wang To Vegetables Wholesale Company Limited	Wong Wang To	Beneficial owner	49

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation).

#### 5. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this prospectus or have given opinions, letters or advice contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified public accountants
Conyers Dill and Pearman ("Conyers")	Legal adviser on Bermuda law

Each of Ernst & Young and Conyers has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of Ernst & Young and Conyers was not beneficially interested in the share capital of the Company or any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to the Company or any member of the Group since 31 March 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim which is in the opinion of the Directors of material importance and no litigation or claim which is in the opinion of the Directors of material importance to be pending or threatened by or against any member of the Group.

#### 7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, as at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules if the Directors were controlling Shareholders.



## 8. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, the Directors confirm that there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

## 9. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 March 2009, being the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group after the date falling two years prior to the Announcement and up to the Latest Practicable Date and are or may be material:

- (a) the Underwriting Agreement dated 12 January 2010 as amended by an amendment agreement between the Company and the underwriter dated 14 January 2010;
- (b) a loan agreement dated 11 January 2010 entered into between Fully Finance Limited ("**Fully Finance**"), an indirect wholly-owned subsidiary of the Company, and LeRoi Holdings Limited ("**LeRoi**"), pursuant to which Fully Finance agreed to grant a loan facility of not exceeding a sum of HK\$65 million to LeRoi for a period of three years from the date of the loan agreement;
- (c) a loan agreement dated 4 November 2009 entered into between LeRoi and Fully Finance in respect of a loan of HK\$10 million advanced by Fully Finance to LeRoi for a term of two years from the date of drawdown(s);
- (d) a conditional placing agreement dated 13 October 2009 entered into between the Company and the Underwriter, pursuant to which the Company, through the Underwriter placed, up to 453 million Shares, on a best effort basis, to not less than six independent placees, under a general mandate approved and granted to the Directors to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution(s) at the annual general meeting of the Company held on 26 August 2009, as set out in an announcement of the Company dated 13 October 2009;
- (e) a provisional sale and purchase agreement dated 10 July 2009, entered into between Full Gainer Investment Limited, a property holding company and a wholly-owned subsidiary of the Company, as the purchaser, and China Sky (HK) Investment Limited, a property holding

- company and an independent third party, as the vendor, in relation to the acquisition of a property located at Shop B, G/F and portion of the yard 66, 68, 70 and 72 Tai Wai Road, Shatin, New Territories, Hong Kong at a consideration of HK\$30 million, satisfied partially in cash by internal resources of the Group and partially by bank borrowing;
- (f) a licence agreement dated 30 June 2009 entered into between WYTH, as the licensor, and Wang On Management Limited (“**Wang On Management**”), a wholly-owned subsidiary of the Company, as the licensee, in respect of the sub-lease of certain portions of G/F and 5/F of Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong with a gross floor area of approximately 1,487 square meters to Wang On Management for a monthly rental of HK\$140,000 for a term of three years commencing from 1 July 2009;
  - (g) a loan agreement dated 16 June 2009 entered into between LeRoi and Fully Finance in respect of a loan of HK\$20 million advanced by Fully Finance to LeRoi for a term of two years from the date of the loan agreement;
  - (h) a loan agreement dated 25 March 2009 entered into between (i) Active Day Investments Limited (“**Active Day**”), a wholly-owned subsidiary of the Company, as the lender; (ii) Shiney Day Investments Limited (“**Shiney Day**”), a wholly-owned subsidiary of China Agri-Products Exchange Limited (“**China Agri-Products**”), as the borrower; and (iii) Super Treasure Holdings Limited (“**Super Treasure**”), a wholly-owned subsidiary of China Agri-Products, and China Agri-Products, together as the guarantors, pursuant to which Active Day agreed to advance a secured loan of HK\$238.2 million to Shiney Day for a term of 18 months from the day of the loan agreement (the “**Shiney Day Loan**”);
  - (i) an assignment agreement dated 5 June 2009 between the Active Day and True Noble Limited, a wholly owned subsidiary of the Company, that Active Day assigned the Shiney Day Loan to True Noble Limited;
  - (j) a provisional sale and purchase agreement dated 15 May 2009 entered into between Win Regent Limited, a property holding company and a wholly-owned subsidiary of the Company, as the purchaser, and So Chi Chung, an independent third party as the vendor, for the acquisition of a property located at Shop 23, G/F., Grandway Garden, No. 16 Mei Tin Road and Nos. 15 and 35 Tsuen Nam Road, Shatin, New Territories, Hong Kong at a consideration of HK\$18,800,000, which was satisfied partially in cash by internal resources of the Group and partially by bank borrowing;
  - (k) a top-up placing and subscription agreement dated 11 May 2009 entered into between Rich Time Strategy Limited (“**Rich Time**”), an indirect wholly-owned subsidiary of the Company, the Underwriter and WYTH in connection with the placing of an aggregate of 165 million shares of WYTH held by Rich Time to independent third parties at a price of HK\$0.088 per share, as set out in an announcement of the Company dated 11 May 2009;

- (l) a conditional sale and purchase agreement dated 13 February 2009 entered into between Loyal Fame International Limited and Wang On Enterprises (BVI) Limited, a direct wholly-owned subsidiary of the Company, in respect of the sale and purchase of the entire issued share capital in Everlong Limited and a shareholder's loan of approximately HK\$81.9 million at an aggregate consideration of HK\$63.4 million;
- (m) a conditional sale and purchase agreement dated 12 February 2009 entered into between Active Day and Super Treasure in respect of the sale and purchase of the entire issued share capital in Shiney Day at a consideration of HK\$150 million;
- (n) an underwriting agreement dated 10 February 2009 entered into between the Company, Accord Power and the Underwriter in relation to an open offer of not less than 1,132,861,635 offer Shares and not more than 1,180,639,635 offer Shares at HK\$0.1 per offer Share with bonus Shares in the proportion of 2 bonus Shares for every 3 offer Shares taken up under the open offer;
- (o) a top-up placing and subscription agreement dated 26 November 2008 entered into between Accord Power, the Company and the Underwriter in connection with the placing of an aggregate of up to 900 million shares of the Company to independent third parties at a price of HK\$0.022 per share;
- (p) a placing agreement entered into between the Company and the Underwriter on 26 November 2008 in connection with the placing of 672.6 million shares of the Company to independent third parties at a price of HK\$0.022 per share;
- (q) a loan agreement dated 21 November 2008 entered into between Fully Finance and LeRoi in connection with the grant to LeRoi of the loan facility of not exceeding a sum of HK\$40 million for a term of two years from the date of the loan agreement;
- (r) a loan agreement dated 3 November 2008 entered into between Rich Time and WYTH in connection with a loan facility advanced by Rich Time to WYTH of not exceeding a sum of HK\$30 million for a term of one year from the date of the loan agreement;
- (s) a loan agreement entered into between Rich Time and WYTH on 2 October 2008 relating to the advance by Rich Time to WYTH of a loan of HK\$5 million for a term of one year from the date of the loan agreement;
- (t) a loan agreement entered into between Rich Time and WYTH on 5 September 2008 relating to the advance by Rich Time to WYTH of a loan of HK\$5 million for a term of one year from the date of the loan agreement;
- (u) a conditional sale and purchase agreement dated 31 July 2008 entered into between Suitbest Investments Limited, an indirect wholly-owned subsidiary of the Company, and Joyful Leap Investments Limited in respect of the sale and purchase of the entire issued share capital in Strengthen Investments Limited and a shareholder's loan of HK\$196.6 million at an aggregate consideration of HK\$186.8 million;

- (v) a top-up placing and subscription agreement entered into between Rich Time, the Underwriter and WYTH on 7 May 2008 in connection with the placing of an aggregate of 335,004,000 shares of WYTH held by Rich Time to independent third parties at a price of HK\$0.165 per share, as set out in an announcement of the Company dated 9 May 2008;
- (w) a top-up placing and subscription agreement entered into between Accord Power, the Underwriter and the Company on 26 March 2008 in connection with the placing of an aggregate of 900 million shares of the Company at a price of HK\$0.075 per share, as set out in an announcement of the Company dated 26 March 2008; and
- (x) a placing agreement entered into between the Company and the Underwriter on 26 March 2008 in connection with the placing of 460 million shares of the Company at a price of HK\$0.075 per share, as set out in an announcement of the Company dated 26 March 2008.

Save as disclosed above, none of the members of the Group had entered into any contracts after the date falling two years prior to the Announcement and up to the Latest Practicable Date which are not in the ordinary course of business and which are or may be material.

**11. CORPORATE INFORMATION****Board of Directors****Executive Directors**

Mr. Tang Ching Ho  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Ms. Yau Yuk Yin  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Chan Chun Hong, Thomas  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**Independent Non-executive Directors**

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Wong Chun, Justein, *MBE, JP*  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Siu Kam Chau  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**Audit Committee**

Mr. Siu Yim Kwan, Sidney, *S.B.St.J., Chairman*  
Mr. Wong Chun, Justein, *MBE, JP*  
Mr. Siu Kam Chau

**Remuneration Committee**

Mr. Wong Chun, Justein, *MBE, JP, Chairman*  
Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*  
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
Mr. Siu Kam Chau  
Mr. Tang Ching Ho  
Ms. Yau Yuk Yin  
Mr. Chan Chun Hong, Thomas

**Nomination Committee**

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP, Chairman*  
Mr. Wong Chun, Justein, *MBE, JP*  
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
Mr. Siu Kam Chau  
Mr. Tang Ching Ho  
Ms. Yau Yuk Yin  
Mr. Chan Chun Hong, Thomas

**Company Secretary**

Ms. Mak Yuen Ming, Anita, *ACIS, ACS*

**Registered Office**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Senior Management**

Mr. Cheung Wai Kai  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Kwok Tze Chiu  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Leong Weng Kin  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**Head Office and Principal****Place of Business in Hong Kong**

5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**Branch Share Registrar and Transfer  
Office in Hong Kong**

Tricor Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

**Principal Bankers**

The Bank of East Asia, Limited  
18/F., 10 Des Voeux Road Central  
Hong Kong

China Construction Bank (Asia)  
Corporation Limited  
Suite 2508-11, 25/F.  
The Gateway, Harbour City  
Kowloon  
Hong Kong

China Construction Bank Corporation  
44-45/F., Tower One Lippo Centre  
89 Queensway, Admiralty  
Hong Kong

DBS Bank (Hong Kong) Limited  
Unit 1209-18, Miramar Tower  
132-134 Nathan Road  
Tsimshatsui  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
Level 10, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**Auditors**

Ernst & Young  
18/F., Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**Legal Advisers**

DLA Piper Hong Kong  
17/F., Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

Freshfields Bruckhaus Deringer  
11/F., Two Exchange Square  
Central  
Hong Kong

Gallant Y.T. Ho & Co.  
5/F., Jardine House  
1 Connaught Place  
Central  
Hong Kong

Morrison & Foerster  
33/F., Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

**Authorised Representatives**

Mr. Tang Ching Ho  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Mr. Chan Chun Hong, Thomas  
5/F., Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**Homepage**

<http://www.wangon.com>

**Stock Code**

1222

**12. PARTIES INVOLVED IN THE RIGHTS ISSUE AND THE BONUS ISSUE**

<b>Financial adviser to the Company</b>	Kingston Corporate Finance Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
<b>Underwriter</b>	Kingston Securities Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
<b>Legal adviser to the Company</b>	<i>As to Hong Kong Law:</i> Freshfields Bruckhaus Deringer 11/F., Two Exchange Square Central Hong Kong  <i>As to Bermuda Law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
<b>Reporting accountants</b>	Ernst & Young 18/F., Two International Finance Centre 8 Finance Street Central Hong Kong
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai Hong Kong



### 13. PROFILES OF DIRECTORS

#### Executive Directors

**Mr. Tang Ching Ho**, aged 47, is a co-founder of the Group (which was established in 1987), and the chairman of the Company since November 1993. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of WYTH. He is the husband of Ms. Yau. Mr. Tang together with his associates are holding 574,691,264 Shares as at the Latest Practicable Date.

**Ms. Yau Yuk Yin**, aged 47, is a co-founder of the Group and deputy chairman of the Company since November 1993. She is responsible for the overall human resources and administration of the Group. She has over 11 years of experience in human resources and administration management. She is the wife of Mr. Tang. Ms. Yau together with his associates are holding 574,691,264 Shares as at the Latest Practicable Date.

**Mr. Chan Chun Hong, Thomas**, aged 45, joined the Group in March 1997 as an executive Director and was re-designated as the managing director of the Company in September 2005. He is currently responsible for managing the overall operations of the Group. He graduated from The Hong Kong Polytechnic University with a degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also the managing director of WYTH, the chairman and managing director of LeRoi, the chairman of China Agri-Products and an independent non-executive director of Shanghai Prime Machinery Company Limited, all of which are companies listed on the main board of the Stock Exchange. Mr. Chan is holding 531,970 Share Options granted by the Company as at the Latest Practicable Date.

#### Independent Non-executive Directors

**Dr. Lee Peng Fei, Allen**, *CBE, BS, FHKIE, JP*, aged 69, joined the Group in November 1993 as an independent non-executive Director. He is a member of remuneration committee and the chairman of nomination committee of the Company. Dr. Lee holds an honorary doctoral degree in engineering from The Hong Kong Polytechnic University and an honorary doctoral degree in laws from The Chinese University of Hong Kong. He is currently an independent non-executive director of AMS Public Transport Holdings Limited, Giordano International Limited, ITE (Holdings) Limited, Playmates Holdings Limited, Sam Woo Holdings Limited and VXL Capital Limited, all of which are companies listed on the Stock Exchange.

**Mr. Wong Chun, Justein**, *MBE, JP*, aged 56, joined the Group in November 1993 as an independent non-executive Director. He is a member of audit committee and nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Wong holds a bachelor's degree in Commerce and Computing Science from Simon Fraser University, Canada. He is a fellow of Institute of Canadian Bankers. He was a member of the

Fight Crime Committee, the Independent Police Complaints Council, the Legal Aid Services Council, Chairman of Quality Education Fund Assessment and Monitoring Committee and is currently a member of Joint Committee of Student Finance and other government advisory bodies.

**Mr. Siu Yim Kwan, Sidney**, *S.B.St.J.*, aged 63, joined the Group in November 1993 as an independent non-executive Director. He is the chairman of audit committee of the Company and a member of nomination committee and remuneration committee of the Company. Mr. Siu is also an executive member of a number of charitable organisations and sports associations and an independent non-executive director of B.A.L. Holdings Limited, a company listed on the Stock Exchange.

**Mr. Siu Kam Chau**, aged 45, joined the Group in September 2004 as an independent non-executive Director. He is a member of audit committee, nomination committee and remuneration committee of the Company. Mr. Siu is a Certified Public Accountant (Practising) and a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He retired as an executive director of Hong Kong Health Check and Laboratory Holdings Company Limited, a listed company in Hong Kong, at the conclusion of its annual general meeting held on 28 August 2009.

#### **Senior Management**

**Mr. Cheung Wai Kai**, aged 54, joined the Group in July 1998 and is the general manager of the Group's commercial management division. He had more than 13 years of experience in general management and 12 years of experience specialising in the market management. Mr. Cheung is an executive director of LeRoi.

**Mr. Kwok Tze Chiu**, aged 51, joined the Group in September 1997 and is the general manager and responsible for quantity surveying and cost control of the Group's project management department. Prior to joining the Group, he had over 21 years of experience in the building industry. He graduated from the Hong Kong Polytechnic University with a higher certificate in Building Studies.

**Mr. Leong Weng Kin**, aged 44, joined the Group in July 2004 and is the Group financial controller. He is the qualified accountant of the Company. He holds a Master degree in Business Administration from The Chinese University of Hong Kong. Prior to joining the Group, he had over 10 years of experience in key financial position in a Hong Kong listed Group and more than four years working experience in an international firm of Certified Public Accountants. Mr. Leong is an executive director of China Agri-Products.

**14. GENERAL**

- (a) As at the Latest Practicable Date, there was no agreement, arrangement or understanding between the Underwriter and any other persons whereby the Consolidated Shares to be acquired under the Rights Issue will be transferred, charged or pledged to any other persons.
- (b) The English text of this prospectus shall prevail over the Chinese text.

**15. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of each of the Prospectus Documents and the consent letters referred to in the paragraph headed “Experts and consents” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the laws of Hong Kong).

A copy of each of the Prospectus Documents has been, or will as soon as reasonably practicable after the Prospectus Posting Date be, filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any Business Day from the date of this prospectus up to and including Thursday, 11 March 2010:

- (a) the memorandum of association of the Company and the Bye-laws;
- (b) the letter from the Board, the text of which is set out on pages 8 to 24 of this prospectus;
- (c) the letter from Ernst & Young, the reporting accountants, in respect of the unaudited pro forma statement of the adjusted consolidated net tangible assets of the Group, the text of which is set out on pages II-1 to II-6 of this prospectus;
- (d) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (e) the written consents of the experts referred to in the section headed “Experts and consents” in this appendix;
- (f) the annual reports of the Company for the two years ended 31 March 2008 and 2009;
- (g) the interim report of the Company for the six months ended 30 September 2009;

- (h) the letter of advice from Conyers, the Company's legal advisers on Bermuda Law, summarising certain aspects of Bermuda Company Law; and
  
- (i) a copy of the Companies Act.