



WANG ON GROUP LIMITED

宏安集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 1222

2012

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *JP, 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, *BBS, MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau

AUDIT COMMITTEE

Mr. Siu Yim Kwan, Sidney, *S.B.St.J., Chairman*
Mr. Wong Chun, Justein, *BBS, MBE, JP*
Mr. Siu Kam Chau

REMUNERATION COMMITTEE

Mr. Wong Chun, Justein, *BBS, 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, *JP*
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, *BBS, MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau
Mr. Tang Ching Ho, *JP*
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

EXECUTIVE COMMITTEE

Mr. Tang Ching Ho, *JP, Chairman*
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

INVESTMENT COMMITTEE

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong, Thomas
Mr. Siu Kam Chau

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

STOCK CODE

1222

LEGAL ADVISERS

DLA Piper Hong Kong
Gallant Y T Ho & Co

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Ernst & Young

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HOMEPAGE

<http://www.wangon.com>

INTERIM DIVIDEND

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries and a jointly-controlled entity, collectively referred to as the “**Group**”) has resolved to declare an interim dividend of HK0.15 cents (six months ended 30 September 2011: HK0.15 cents) per share for the six months ended 30 September 2012. The interim dividend will be payable on Tuesday, 18 December 2012 to those shareholders whose names appear on the register of members of the Company on Friday, 7 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 6 December 2012 to Friday, 7 December 2012, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 5 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group’s turnover for the six months period ended 30 September 2012 amounted to approximately HK\$169.9 million (2011: approximately HK\$273.9 million), representing a decrease of approximately HK\$104.0 million as compared to the same period last year. For the six months ended 30 September 2012, profit attributable to the shareholders was approximately HK\$71.8 million (2011: approximately HK\$86.1 million (as restated)).

Property Development

During the first half of the current financial year, pre-sale of residential units of “The Met. Sublime” at Kwai Heung Street was launched, although no sale was recognised for this division, whereas sales for this division for the same period last year amounted to approximately HK\$134.3 million.

For “The Met. Focus” at Pak Kung Street, being the first project under “The Met.” series, construction work of the superstructure has commenced and been progressing well. It is scheduled to be completed and ready for handover to purchasers by the end of 2013. Revenue and profit for “The Met. Focus” will be reflected in the income statement for the year ending 31 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Property Development (Continued)

Pre-sale of the residential flats at Kwai Heung Street, under the name of "The Met. Sublime", which was the second project under "The Met." series, was launched in September 2012. Market response was good and over 80% of the residential units had been pre-sold to date with a total value of approximately HK\$532.9 million. Foundation work is being carried out and is scheduled to be finished by the first quarter of 2013. Superstructure work is planned to be completed in the last quarter of 2014.

Foundation work at Nathan Road is now under way and anticipated to be completed by the end of 2012. Pre-leasing activities are being planned and organised. Preliminary discussion with potential tenants was conducted. It is expected that completion of the superstructure will take place in the first half of 2014.

For the Camp Street project, demolition work has just begun and is expected to be completed by the end of 2012. Planning work for the construction of show flats has been carried out and it will be available for public visit in the first quarter of 2013. Pre-sale of the residential units is scheduled to be launched in the first half of 2013.

The site at Sze Shan Street has been vacant and hoarding work has been finished. The Group will continue to negotiate with the Hong Kong SAR government in respect of the finalisation of land premium.

As of 31 October 2012, the Group has a development land portfolio as follows:

Location	Approximate Site Area (square feet)	Intended Usage	Anticipated Year of Completion
2-8 Pak Kung Street, Hung Hom	4,000	Residential/Shops	2013
1-13 Kwai Heung Street, Sai Ying Pun	4,800	Residential/Shops	2014
724, 724A and 726 Nathan Road, Mongkok	3,000	Commercial	2014
140-146 Camp Street, Shum Shui Po	4,600	Residential/Shops	2015
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential/Shopping Centre	2016
	<hr/>		
	57,400		

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

The Group has been active in its participation in the HK Government public tenders and the Urban Renewal Authority tenders with an aim to replenish its development land bank. Besides, the Group has allocated additional resources in screening and selection of suitable development sites from the private property market.

Property Investment

Revenue for this division comprised the sale of properties and rental income generated from leasing. The Group's gross rental income for the six months ended 30 September 2012 amounted to approximately HK\$27.7 million (2011: approximately HK\$25.2 million), representing an increase of approximately HK\$2.5 million).

As of 30 September 2012, the Group maintained an investment portfolio consisting of retail and residential premises in Hong Kong with a total carrying value of approximately HK\$770.9 million (31 March 2012: approximately HK\$719.8 million).

During the first half of the current financial year 2012, the Group disposed of 31 commercial units of Grandeur Terrace at an aggregate consideration of approximately HK\$458.0 million, all of which will be completed in the second half of the current financial year.

In addition, during the period under review, the Group entered into agreements in respect of the following major disposals:

- (i) On 14 June 2012, the Group entered into a provisional sale and purchase agreement to dispose of an investment property located at Yuen Long, New Territories at a consideration of HK\$82.8 million, details of which were set out in the Company's announcement dated 14 June 2012. Such disposal had been completed on 25 October 2012; and
- (ii) On 20 July 2012, the Group entered into a provisional sale and purchase agreement to dispose of an investment property located at Shatin, New Territories at a consideration of HK\$50.3 million, details of which were set out in the Company's announcement dated 23 July 2012. Such disposal is expected to be completed on or before 30 November 2012.

Following the partial disposal of Grandeur Terrace and shops, the Group is vigorously looking for investment opportunities in retail premises with an aim to strengthen the existing rental income stream. As part of the regular review of its investment property portfolio, the Group will continue to optimise its tenant mix and achieve positive rental adjustment.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Management and Sub-licensing of Chinese Wet Markets

For the period ended 30 September 2012, revenue for this division amounted to approximately HK\$119.9 million (2011: approximately HK\$114.4 million), representing an increase of approximately HK\$5.5 million. The improvement was chiefly contributed by the additional licensing income arising from the renewal of license agreements with stall operators.

The Group continues to manage a portfolio of approximately 960 stalls at 15 “Allmart” brand Chinese wet markets in Hong Kong with a total gross floor area of over 350,000 square feet. In the People’s Republic of China (the “**PRC**”), the Group is now managing a portfolio of approximately 1,100 stalls at 17 Chinese wet markets with a total gross floor area of over 283,000 square feet under “Huijin” brand in various districts of Shenzhen.

Since the first launch of “Allmart Club” membership in our managed Chinese wet market in Kai Tin, Lam Tin in October 2011, the Group has further extended this membership program to Choi Ming Estates, Tseung Kwan O and Tin Chak Estates, Tin Shui Wai. The introduction of such membership program has not only improved the traffic flow of the shoppers but also enhanced the overall business atmosphere of the Group’s managed Chinese wet markets. As of today, over 6,300 members have been recruited for these 3 Chinese wet markets.

The introduction of “One Dollar Rental Scheme” has attracted tremendous enquires from the public. After studying ideas submitted by the public and interviewing the entrepreneurs, the Group has provided stall space for selected entrepreneurs to start up their businesses of fortune teller, retail of unique hand made leather products, sale of antique products, etc in our various managed Chinese wet markets. We believe that this provides an excellent opportunity for them to establish their businesses at a very minimal start-up capital. Besides, this new element can further brush up the image of our managed Chinese wet markets.

Investment in Pharmaceutical and Health Products Related Business

The Group has a 25% interest in Wai Yuen Tong Medicine Holdings Limited (“**WYTH**”), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). For the period ended 30 September 2012, WYTH achieved a turnover of approximately HK\$365.7 million representing an increase of approximately 10.6% over the same period last year. Its profit attributable to the equity holders amounted to approximately HK\$33.7 million as compared to an attributable loss of approximately HK\$132.0 million for the same period last year. The improvement was mainly contributed by increase in gain on change in fair value of investment properties, the decrease in loss on held-for-trading investments and the lack of impairment losses recognised for the investment in an associate. Share of profit of WYTH for the period ended 30 September 2012 was approximately HK\$9.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Investment in Pharmaceutical and Health Products Related Business *(Continued)*

With its solid foundation in pharmaceutical and health products, the increasing awareness of health and the expansion of retail network both in Hong Kong and in the PRC, the Group anticipates that investment in WYTH will deliver steady and growing results in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the Group had cash resources and short term investments of approximately HK\$590.0 million (31 March 2012: approximately HK\$677.5 million). The aggregate borrowings as at 30 September 2012 amounted to approximately HK\$1,002.1 million (31 March 2012: approximately HK\$1,019.7 million).

During the period under review, the Group's gearing ratio was approximately 15.3% (31 March 2012: approximately 14.6% (as restated)), calculated with reference to the Group's total borrowing net of cash and cash equivalents and equity attributable to equity holders of the parent of approximately HK\$464.7 million and approximately HK\$3,031.1 million, respectively.

As at 30 September 2012, the Group's investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$735.1 million, HK\$1,308.4 million and HK\$341.3 million (31 March 2012: approximately HK\$687.3 million, HK\$1,234.1 million and HK\$363.4 million) were pledged to secure the Group's general banking facilities utilised for approximately HK\$350.4 million, HK\$586.3 million and HK\$184.0 million (31 March 2012: approximately HK\$378.0 million, HK\$608.6 million and HK\$202.0 million), respectively.

The Group's capital commitment as at 30 September 2012 amounted to approximately HK\$141.4 million (31 March 2012: approximately HK\$128.4 million). The Group had no significant contingent liabilities as at the reporting date.

Foreign Exchange

The Board is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group does not engage in any hedging activities.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Employees and Remuneration Policies

At the end of the reporting period, the Group had 210 (31 March 2012: 247) employees, of whom approximately 87.6% (31 March 2012: approximately 88.7%) were located in Hong Kong and the rest were located in the PRC. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonuses and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits such as medical and retirement benefits and structured training programs are also provided.

PROSPECTS

With the persistent sovereign debt crisis of a number of European countries and nationwide opposition to reduction in government spending and cut in retirement benefits for the general public, the global economy remains uncertain and challenging in 2012. In Hong Kong, the residential property market conditions had generally been positive due partly to the prevailing exceptionally low mortgage interest rates, strong demand from the PRC investors, growing inflation and relatively low unemployment rate. These positive factors were adversely affected by the recent introduction of Buyer's Stamp Duty of 15% on corporate and non-permanent-resident buyers of home in Hong Kong, extension of restriction period from 2 years to 3 years and increase in applicable rates ranging from 10% to 20% for Special Stamp Duties, the latter of which was first implemented in November 2010.

Under the influence of the third round of quantitative easing by the US Federal Reserve, there was massive influx of hot money into Hong Kong. The Hong Kong Monetary Authority had stepped in and tightened the requirements for granting new home loans to borrowers with more than one mortgage. All these measures will inevitably slow down transactions activities in both the primary and the secondary residential property markets in the short run. In anticipation of an increase in land supply in the short-and-medium term by the Hong Kong government, the property market will become more stable and healthy.

The Group continues to be a leader in the management of Chinese wet markets in Hong Kong. Coupled with its solid management experience and comprehensive database of stall operators, the Group will make every effort to increase its market share and improve the operation environment by constantly optimising its stall operators mix and introducing new elements to its managed Chinese wet markets.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2012, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

(i) Long positions in the ordinary shares of the Company:

Name of director	Number of ordinary shares held, capacity and nature of interest					Total	Approximate percentage of the Company's total issued share capital (Note (g)) %
	Personal interest	Family interest	Corporate interest	Other interest			
Tang Ching Ho (“Mr. Tang”)	9,342,113	9,342,100 (Note (a))	34,172,220 (Note (b))	1,663,309,609 (Note (c))		1,716,166,042	26.30
Yau Yuk Yin (“Ms. Yau”)	9,342,100	43,514,333 (Note (d))	-	1,663,309,609 (Note (e))		1,716,166,042	26.30

(ii) Long positions in underlying shares of share options of the Company:

Name of director	Date of grant	Exercise price per share HK\$	Number of share options outstanding	Exercisable period* (Note (f))	Number of underlying shares	Number of total underlying shares	Approximate percentage of the Company's total issued share capital (Note (g)) %
Chan Chun Hong, Thomas	2.1.2008	2.4082	90,146	2.1.2009 to 1.1.2013	90,146		
	8.1.2009	0.3893	180,295	8.1.2010 to 7.1.2019	180,295	270,441	0.01

DISCLOSURE OF INTERESTS *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Notes:

- (a) Mr. Tang was taken to be interested in those shares in which his spouse, Ms. Yau, was interested.
- (b) Mr. Tang was taken to be interested in those shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang was taken to be interested in those shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (d) Ms. Yau was taken to be interested in those shares in which her spouse, Mr. Tang, was interested.
- (e) Ms. Yau was taken to be interested in those shares by virtue of being a beneficiary of Tang's Family Trust.
- (f) These shares represent such shares which may fall to be issued upon the exercise of the share options by Mr. Chan Chun Hong, Thomas during the period from 2 January 2009 to 7 January 2019, which number and exercise prices thereof are subject to adjustment in accordance with the share option scheme adopted by the Company on 3 May 2002:

The exercisable period of the above share options was 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

- (g) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2012 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2012, none of the directors and chief executive of the Company and/or any of their respective associates had registered an 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), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DISCLOSURE OF INTERESTS *(Continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the period for the six months ended 30 September 2012 were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2012, to the best knowledge of the directors, the following persons had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the shares of the Company:

Name of shareholder	<i>Notes</i>	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital <i>(Note (4))</i> %
Accord Power Limited	(1)	Beneficial owner	1,663,309,609	25.49
Fiducia Suisse SA	(1)	Interest of controlled corporation	1,663,309,609	25.49
David Henry Christopher Hill	(2)	Interest of controlled corporation	1,663,309,609	25.49
Rebecca Ann Hill	(3)	Family interest	1,663,309,609	25.49

DISCLOSURE OF INTERESTS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (1) Accord Power Limited is wholly owned by Fiducia Suisse SA in its capacity as the trustee of Tang's Family Trust. Accordingly, Fiducia Suisse SA was taken to be interested in those shares held by Accord Power Limited.
- (2) Mr. David Henry Christopher Hill owned 100% interest in the issued share capital of Fiducia Suisse SA and was therefore taken to be interested in the shares in which Fiducia Suisse SA was interested.
- (3) Ms. Rebecca Ann Hill is the spouse of Mr. David Henry Christopher Hill and was therefore taken to be interested in the shares in which Mr. David Henry Christopher Hill was interested.
- (4) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2012 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2012, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 21 August 2012, the Company terminated the old share option scheme (the "**2002 Scheme**") which was adopted on 3 May 2002, and adopted a new share option scheme (the "**2012 Scheme**") on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the 2012 Scheme, share options may be granted to any director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee of any member of the Group, or any substantial shareholder or any company controlled by a substantial shareholder, or any holder of any securities issued by any member of the Group, or any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group. The 2012 Scheme became effective on 21 August 2012 and, unless otherwise terminated earlier by shareholders at a general meeting, will remain in force for a period of 10 years from that date.

SHARE OPTION SCHEME (Continued)

Details of the movements of the share options under the 2002 Scheme during the period under review were as follows:

Name or Category of participant	Date of grant	Number of share options				Outstanding as at 30 September 2012	Exercisable period	Exercise price per share HK\$
		Outstanding as at 1 April 2012	Granted during the period	Exercised during the period	Lapsed/or cancelled during the period			
Executive director								
Chan Chun Hong, Thomas	2/1/2008	90,146	-	-	-	90,146	2/1/2009 – 1/1/2013*	2.4082
	8/1/2009	180,295	-	-	-	180,295	8/1/2010 – 7/1/2019*	0.3893
		270,441	-	-	-	270,441		
Other employees								
In aggregate	1/3/2007	20,386,954	-	-	-	20,386,954	1/3/2007 – 28/2/2017	2.0549
	2/1/2008	377,920	-	-	(17,340)	360,580	2/1/2009 – 1/1/2013*	2.4082
	8/1/2009	887,594	-	-	(55,476)	832,118	8/1/2010 – 7/1/2019*	0.3893
	12/5/2010	11,021,241	-	-	(580,066)	10,441,175	12/5/2011 – 11/5/2020*	0.2234
			32,673,709	-	-	(652,882)	32,020,827	
TOTAL		32,944,150	-	-	(652,882)	32,291,268		

* The options granted under the 2002 Scheme 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

During the period under review, no share option was granted, exercised or cancelled under the 2002 Scheme and the 2012 Scheme and an aggregate of 652,882 share options lapsed under the 2002 Scheme. As at 30 September 2012, the Company had 32,291,268 share options outstanding under the 2002 Scheme. Upon expiry of the vesting periods, the exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 32,291,268 additional ordinary shares of the Company and additional share capital of HK\$322,912.68 and share premium of HK\$45,382,368.32.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the applicable code provisions of the Corporate Governance Code effective from 1 April 2012 set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2012, except as noted hereunder.

Owing to other important engagements, Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau, being the independent non-executive directors of the Company, were unable to attend the special general meeting of the Company held on 20 August 2012 for considering and approving the grant of a loan facility to China Agri-Products Exchange Limited ("**China Agri-Products**") as provided for in code provision A.6.7 of the Corporate Governance Code.

The Group continues to improve its management and control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

UPDATE ON DIRECTORS' INFORMATION

During the period under review, the changes in information on directors since the date of the 2012 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- (a) Mr. Tang has been elected as the president of the 4th Federation of Hong Kong Guangxi Community Organisations Limited on 27 October 2012;
- (b) Dr. Lee resigned as an independent non-executive director of VXL Capital Limited on 28 September 2012; and
- (c) Mr. Wong is currently a member of Council on Professional Conduct in Education, Ex-official member of NT Heung Yee Kuk and other government advisory bodies.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

The following disclosures in respect of advances to an entity are made in accordance with the disclosure requirement of Rule 13.20 of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES (Continued)

On 16 July 2012 and 31 July 2012, True Noble Limited, an indirectly wholly-owned subsidiary of the Company entered into a loan agreement (the “**Loan Agreement**”) and an agreement supplemental to the Loan Agreement with China Agri-Products, respectively, and agreed to provide a secured loan facility of maximum of HK\$670 million to China Agri-Products for a period up to 30 September 2014 at an interest rate of 10% per annum. The loan facility is secured by share charges over equity interests of certain subsidiaries of China Agri-Products (the “**Relevant Subsidiaries**”) and floating charges over assets of the Relevant Subsidiaries and a loan assignment by way of a charge executed by China Agri-Products over the loans owned or to be owned by the Relevant Subsidiaries to China Agri-Products. As at 30 September 2012, the Group has advanced approximately HK\$476.6 million to China Agri-Products under the aforesaid loan facility, of which further details were disclosed in the Company’s announcements dated 16 July 2012 and 31 July 2012 and the Company’s circular dated 3 August 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiries of all directors of the Company, the Company confirmed that all directors had complied with the required standards set out in the Model Code adopted by the Company throughout the period under review.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2012 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 14 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	For the six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	3	169,946	273,905
Cost of sales		(112,170)	(154,329)
Gross profit		57,776	119,576
Other income and gains	4	34,678	35,324
Selling and distribution costs		(7,919)	(5,407)
Administrative expenses		(43,059)	(46,062)
Other expenses	6	3,859	(26,654)
Finance costs	5	(5,762)	(5,685)
Fair value losses of financial assets at fair value through profit or loss, net		(16,324)	(58,805)
Fair value gains on investment properties, net		57,241	85,395
Share of profit and loss of an associate		9,462	–
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	89,952	97,682
Income tax expenses	7	(18,103)	(15,526)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		71,849	82,156
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		–	3,825
PROFIT FOR THE PERIOD		71,849	85,981

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2012

		For the six months ended 30 September	
	Note	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (Restated)
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		–	(14,528)
Reclassification adjustment for gain/loss included in profit or loss			
– Impairment loss		–	14,528
		–	–
Other reserve:			
Share of other comprehensive income of an associate		466	–
Exchange fluctuation reserve:			
Translation of foreign operations		(471)	4,910
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(5)	4,910
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		71,844	90,891
Profit attributable to:			
Owners of the parent		71,849	86,054
Non-controlling interests		–	(73)
		71,849	85,981
Total comprehensive income attributable to:			
Owners of the parent		71,844	90,964
Non-controlling interests		–	(73)
		71,844	90,891
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
For the period			
Basic and diluted		HK1.10 cents	HK1.32 cents
From continuing operations			
Basic and diluted		HK1.10 cents	HK1.26 cents

Details of the interim dividend declared for the period are disclosed in note 9 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2012

	Notes	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Restated) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	6,445	8,477
Investment properties		846,677	797,442
Properties under development	10	1,308,432	1,264,114
Goodwill		1,376	1,376
Investment in an associate		371,896	361,968
Loans and interests receivable		746,962	255,805
Deposits paid		13,316	15,072
Deferred tax assets		506	570
Total non-current assets		3,295,610	2,704,824
CURRENT ASSETS			
Properties held for sale		342,414	364,514
Trade receivables	12	2,759	5,649
Loans and interests receivable		400	410,395
Prepayments, deposits and other receivables		152,584	50,685
Financial assets at fair value through profit or loss		52,524	75,446
Tax recoverable		2,660	2,454
Time deposits with original maturity over three months		-	20,000
Cash and cash equivalents		537,458	582,095
Total current assets		1,090,799	1,511,238
CURRENT LIABILITIES			
Trade payables	13	14,793	22,687
Other payables and accruals		26,810	31,177
Deposits received and receipts in advance		270,339	109,731
Interest-bearing bank loans		205,519	229,483
Provisions for onerous contracts		770	770
Tax payable		27,448	28,989
Total current liabilities		545,679	422,837
NET CURRENT ASSETS		545,120	1,088,401
TOTAL ASSETS LESS CURRENT LIABILITIES		3,840,730	3,793,225

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

30 September 2012

	Note	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Restated) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		796,671	790,171
Provisions for onerous contracts		2,304	2,687
Deferred tax liabilities		10,188	8,186
Total non-current liabilities		809,163	801,044
Net assets		3,031,567	2,992,181
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	65,249	65,249
Reserves		2,965,851	2,926,465
Non-controlling interests		3,031,100	2,991,714
		467	467
Total equity		3,031,567	2,992,181

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to owners of the parent										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale		Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
				investments	Share						
				revaluation reserve (Unaudited) HK\$'000	option reserve (Unaudited) HK\$'000						
At 1 April 2011, as previously reported	65,249	1,462,363	306,353	-	8,057	9,470	1,439	747,442	2,600,373	594	2,600,967
Change in accounting policy - Adoption of HKAS 12 Amendment (Note 2)	-	-	-	-	-	-	-	25,896	25,896	-	25,896
At 1 April 2011, as restated	65,249	1,462,363	306,353	-	8,057	9,470	1,439	773,338	2,626,269	594	2,626,863
Profit for the period	-	-	-	-	-	-	-	86,054	86,054	(73)	85,981
Other comprehensive income/(loss) for the period:											
Change in fair value of an available-for-sale investment	-	-	-	(14,528)	-	-	-	-	(14,528)	-	(14,528)
Impairment loss of an available-for-sale investment	-	-	-	14,528	-	-	-	-	14,528	-	14,528
Exchange differences on translation of foreign operations	-	-	-	-	-	4,910	-	-	4,910	-	4,910
Total comprehensive income/(loss) for the period	-	-	-	-	-	4,910	-	86,054	90,964	(73)	90,891
Final 2011 dividend declared	-	-	-	-	-	-	-	(26,100)	(26,100)	-	(26,100)
Equity-settled share option arrangements	-	-	-	-	348	-	-	-	348	-	348
At 30 September 2011	65,249	1,462,363	306,353	-	8,405	14,380	1,439	833,292	2,691,481	521	2,692,002

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2012

	Attributable to owners of the parent										
	Capital (Unaudited) HK\$'000	Share			Exchange			Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
		Issued	premium	Contributed	Share	fluctuation	Other				
		account	surplus	option	reserve	reserve	reserve				
At 1 April 2012, as previously reported	65,249	1,462,363	306,353	8,535	12,236	3,861	1,089,874	2,948,471	467	2,948,938	
Change in accounting policy – Adoption of HKAS 12 Amendment (Note 2)	-	-	-	-	-	1,156	42,087	43,243	-	43,243	
At 1 April 2012, as restated	65,249	1,462,363	306,353	8,535	12,236	5,017	1,131,961	2,991,714	467	2,992,181	
Profit for the period	-	-	-	-	-	-	71,849	71,849	-	71,849	
Other comprehensive income/(loss) for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	(471)	-	-	(471)	-	(471)	
Share of other comprehensive income of an associate	-	-	-	-	-	466	-	466	-	466	
Total comprehensive income/(loss) for the period	-	-	-	-	(471)	466	71,849	71,844	-	71,844	
Final 2012 dividend declared	-	-	-	-	-	-	(32,625)	(32,625)	-	(32,625)	
Equity-settled share option arrangements	-	-	-	167	-	-	-	167	-	167	
At 30 September 2012	65,249	1,462,363*	306,353*	8,702*	11,765*	5,483*	1,171,185*	3,031,100	467	3,031,567	

* These reserve accounts comprise the consolidated reserves of HK\$2,965,851,000 (31 March 2012: HK\$2,926,465,000 (as restated)) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	29,536	(211,399)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(17,838)	(296,448)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(55,850)	101,823
NET DECREASE IN CASH AND CASH EQUIVALENTS	(44,152)	(406,024)
Cash and cash equivalents at beginning of period	582,095	1,042,600
Effect of foreign exchange rate changes, net	(485)	(5,626)
Cash and cash equivalents at end of period	537,458	630,950
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	252,972	457,401
Non-pledged time deposits with original maturity of less than three months when acquired	284,486	173,549
	537,458	630,950

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2012.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA as disclosed in note 2 to the interim financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s financial statements:

HKFRS 1 Amendments	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

HKAS 12 Amendments (the "Amendments") clarify the determination of deferred tax for investment property measured at fair value. The Amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the Amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of the Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties of the Group and of its associate will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are depreciable and are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group's business model is that the entity owning the investment property situated in Mainland China will recover the value through use and on this basis the presumption of sales has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the value of its investment properties in Mainland China are recovered through use.

This change in accounting policy has been applied retrospectively and the effects are summarised below:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Decrease in income tax expenses	7,763	12,542
Increase in share of profit and loss of an associate	1,621	–
Increase in profit for the period from continuing operations	9,384	12,542
Increase in basic and diluted earnings per share (HK cents)	0.14	0.19

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Unaudited) HK\$'000	1 April 2011 (Unaudited) HK\$'000
Increase in investment in an associate	6,633	5,012	–
Decrease in deferred tax liabilities	45,994	38,231	25,896
Increase in other reserve	1,156	1,156	–
Increase in retained profits	51,471	42,087	25,896

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

- (a) the property development segment engages in the development of properties;
- (b) the property investment engages in investment and trading of industrial and commercial premises and residential units for rental or for sale;
- (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 (discontinued during the year ended 31 March 2012);
- (e) the agricultural by-product wholesale markets segment engages in the operations and management of agricultural by-product wholesale markets (discontinued during the year ended 31 March 2012); and
- (f) the trading of agricultural by-products segment engages in the wholesale and retail of agricultural by-products (discontinued during the year ended 31 March 2012).

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, head office and corporate income and expenses and share of profit and loss of an associate are excluded from such measurement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. OPERATING SEGMENT INFORMATION (Continued)

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.

Information regarding these reportable segments, together with their related revised comparative information is presented below.

Reportable segment information

For the six months ended 30 September

	Continuing operations						Discontinued operations						Total Group					
	Property development			Property investment			Chinese wet markets			Total continuing operations			Agricultural by-products			Total discontinued operations		
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000															
Segment revenue:	-	134,378	50,443	25,205	119,903	114,392	-	9,164	-	10,924	-	26,498	169,946	300,393	-	200	200	
Sales to external customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other revenue	3,661	275	60,398	93,655	767	2,572	722	5	1	-	-	728	65,026	97,451	-	-	-	
Total	3,661	134,523	110,441	119,061	120,670	116,964	7,322	9,169	10,925	-	27,416	-	234,972	399,024	-	(200)	-	
Elimination of intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corporate and unallocated revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	(19,814)	35,726	80,037	113,942	17,199	16,001	881	2,860	(277)	-	3,514	-	71,422	172,083	24,099	3,086	-	
Segment results	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corporate and unallocated income and expenses, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of profit and loss of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains from continuing operations is as follows:

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Other Income:		
Bank interest income	1,821	662
Interest income from financial investments	1,003	1,799
Interest income from loans receivable	25,519	18,458
Dividend income from listed securities	488	2,312
Management fee income	50	363
Others	4,726	4,005
	33,607	27,599
Gains:		
Gain on disposal of investment properties, net	960	7,725
Gain on disposal of financial assets at fair value through profit or loss, net	111	–
	1,071	7,725
Other income and gains	34,678	35,324

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans:		
Wholly repayable within five years	6,647	3,525
Repayable beyond five years <i>(Note)</i>	5,036	4,994
	11,683	8,519
Less: Interest capitalised	(5,921)	(2,834)
	5,762	5,685

The above analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements.

Note: For the six months ended 30 September 2012 and 2011, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$1,364,000 and HK\$1,393,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Cost of inventories sold	–	8,385
Cost of services provided	89,936	84,717
Cost of properties sold	22,234	61,227
Depreciation	2,658	3,058
Amortisation of other intangible asset	–	3,030
Impairment of an available-for-sale investment*	–	14,528
Loss on disposal of financial assets at fair value through profit or loss, net*	–	5,151
Gain on disposal of items of properties, plant and equipment	–	(2,951)
Amount utilised for onerous contracts, net	(383)	–
Impairment/(write back of impairment) of properties under development to net realisable value*	(3,859)	6,823
Impairment of trade receivables*	–	152

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China.

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current – Hong Kong	4,849	13,200
Current – Mainland China	11,316	784
Deferred	1,938	1,542
Total tax charge for the period from continuing operations	18,103	15,526

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

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	71,849	82,302
From discontinued operations	–	3,752
	71,849	86,054

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

	Number of Shares	
	2012 (Unaudited)	2011 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic and diluted earnings per share calculation	6,524,935,021	6,524,935,021

In respect of diluted earnings per share amounts, no adjustment has been made to the basic earnings per share amounts presented for six months ended 30 September 2012 and 2011 as the impact of the share options of the Company outstanding during the respective periods had an anti-dilutive effect on the basic earnings per share.

9. INTERIM DIVIDEND

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interim dividend – HK0.15 cents (2011: HK0.15 cents) per ordinary share	9,787	9,787

The interim dividend was declared after the end of the reporting period and hence was not accrued on that date.

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 30 September 2012, the Group incurred HK\$968,000 (six months ended 30 September 2011: HK\$1,134,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2012, the Group incurred HK\$40,460,000 on the additions of properties under development (six months ended September 2011: HK\$402,238,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. PLEDGE OF ASSETS

As at 30 September 2012, the Group's properties held for sale with an aggregate carrying amount of approximately HK\$341,294,000 (31 March 2012: HK\$363,374,000), properties under development with an aggregate carrying amount of approximately HK\$1,308,432,000 (31 March 2012: HK\$1,234,071,000) and investment properties with an aggregate carrying amount of approximately HK\$735,073,000 (31 March 2012: HK\$687,310,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities.

12. TRADE RECEIVABLES

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within 90 days	2,520	5,390
91 days to 180 days	–	96
Over 180 days	372	324
	2,892	5,810
Less: Impairment	(133)	(161)
	2,759	5,649

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. TRADE PAYABLES

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within 90 days	14,793	22,687

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

14. SHARE CAPITAL

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Authorised:		
40,000,000,000 ordinary shares of HK\$0.01 each	400,000	400,000
Issued and fully paid:		
6,524,935,021 ordinary shares of HK\$0.01 each	65,249	65,249

15. CONTINGENT LIABILITIES

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 payable of HK\$1,566,000 (31 March 2012: HK\$1,476,000) as at 30 September 2012. The contingent liability has arisen because, at the end of the reporting 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties, sub-leases Chinese wet markets, shopping centres and car parks under operating lease arrangements, with leases negotiated for terms ranging from two months to six 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 end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within one year	190,283	253,389
In the second to fifth years, inclusive	153,086	218,266
	343,369	471,655

(b) As lessee

The Group leases certain Chinese wet markets and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from two to six years.

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within one year	114,612	125,588
In the second to fifth years, inclusive	158,831	178,933
	273,443	304,521

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	–	210
Properties under development	141,421	128,150
	141,421	128,360

18. RELATED PARTY TRANSACTIONS

During the period, the Group entered into transactions with related parties as follows:

(a) Transactions with related parties

		For the six months ended 30 September 2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Rental income received from a director	<i>(i)</i>	498	498
Income from Wai Yuen Tong Medicine Holdings Limited or any of its subsidiaries (" WYT Group "):			
Management fee	<i>(ii)</i>	60	60
Rental income	<i>(ii)</i>	1,245	970
Rental expenses paid to WYTH	<i>(ii)</i>	954	912
Interest income from PNG Resources Holdings Limited (" PNG Resources ")	<i>(iii)</i>	10,996	7,648
Interest income from China Agri-Products Exchange Limited (" China Agri-Products ")	<i>(iv)</i>	12,198	6,425
Interest income from Shiney Day Investment Limited (" Shiney Day ")	<i>(v)</i>	2,237	4,235
Purchase of products from WYT Group	<i>(vi)</i>	828	1,478

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

Notes:

- (i) Certain investment properties of the Group were leased to a director at an agreed monthly rental of HK\$83,000 (2011: HK\$83,000). 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) Interest was charged by the Group on loans advanced to PNG Resources, which is an associate of WYTH and has an executive director in common with the Company. The loans are unsecured, except for a principal amount of HK\$135 million which is secured by share charges in respect of the equity interests of three subsidiaries of PNG Resources. The loans bear interests at rates ranging from 6% to 8% per annum and are repayable within two to three years.
- (iv) Interest was charged by the Group on loans advanced to China Agri-Products, which is a material investment of PNG Resources and has an executive director in common with the Company. The loans are unsecured, bear interest ranging from 6% to 10% per annum and are repayable on the date falling 18 to 26 months from date of the loan agreement.
- (v) Interest was charged by the Group on a loan advanced to Shiney Day, which is a subsidiary of China Agri-Products. The loan bears interest at 6% per annum and is repayable within 38 months from the date of the loan agreement, and is secured by a share charge in respect of the equity interest of a subsidiary of China Agri-Products and a corporate guarantee granted by China Agri-Products in favour of the Group.
- (vi) The purchases from WYT Group, which is an associate of the Group with certain directors in common with the Company, were made according to the published prices and conditions it offered to customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Short term employment benefits	1,581	2,051
Post-employment benefits	21	25
	1,602	2,076

19. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

As at 30 September 2012

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Financial assets at fair value through profit or loss	52,524	–	–	52,524
	52,524	–	–	52,524

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. FAIR VALUE HIERARCHY (Continued)

As at 31 March 2012

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Financial assets at fair value through profit or loss	75,446	–	–	75,446
	75,446	–	–	75,446

During the six months ended 30 September 2012, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (six months ended 30 September 2011: Nil).

20. COMPARATIVE AMOUNTS

As further explained in note 2 to the unaudited interim condensed consolidated financial statements, due to the adoption of the Amendments during the period, the accounting treatment and presentation of certain items and balances in the unaudited interim condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.

The comparative condensed consolidated statement of comprehensive income has been represented as if the operations classified as discontinued operations for the year ended 31 March 2012 had been discontinued at the beginning of the comparative period.

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 14 November 2012.