



**WANG ON GROUP LIMITED**

**宏安集團有限公司**

*(Incorporated in Bermuda with limited liability)*

Stock Code: 1222



# 2013

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

### AUDITORS

Ernst & Young

### LEGAL ADVISERS

DLA Piper Hong Kong  
Gallant Y T Ho & Co

### PRINCIPAL BANKERS

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

### 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

MUFG Fund Services (Bermuda) Limited  
(formerly known as 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

### BOARD LOT

20,000 shares

### INVESTOR RELATIONS

Email: [pr@wangan.com](mailto:pr@wangan.com)

### HOMEPAGE

<http://www.wangan.com>

### STOCK CODE

1222

## INTERIM DIVIDEND

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries and jointly-controlled entity, collectively the “**Group**”) has resolved to declare an interim dividend of HK0.15 cents (six months ended 30 September 2012: HK0.15 cents) per share for the six months ended 30 September 2013. The interim dividend will be payable on Monday, 23 December 2013 to those shareholders whose names appear on the register of members of the Company on Friday, 13 December 2013.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12 December 2013 to Friday, 13 December 2013, both days inclusive, during which 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, 11 December 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group’s turnover for the six months ended 30 September 2013 amounted to approximately HK\$321.2 million (2012: approximately HK\$161.3 million (as restated)), representing a significant increase of approximately HK\$159.9 million compared with the corresponding period last year. Profit attributable to shareholders of the Company for the six months ended 30 September 2013 was approximately HK\$149.3 million (2012: approximately HK\$71.8 million), which also represented a significant increase of approximately HK\$77.5 million. The favourable results for the reporting period was mainly contributed by the partial disposal of the remaining shops in Grandeur Terrace.

### Property Development

Revenue recognised in this business segment during the reporting period was approximately HK\$1.6 million (2012: Nil), which came from rental income of site planning for redevelopment.

At the date of this report, construction of “The Met.Focus” at Pak Kung Street, the first project under “The Met.” series, shall be completed soon and the residential units will be ready for handover to the purchasers by early 2014. Revenue and profit from this project will be reflected in the forthcoming financial statements for the year ending 31 March 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

Construction of "The Met.Sublime" at Kwai Heung Street has been progressing well and completion date is targeted to be in the second half of 2014. The Group has just launched a sales campaign for the remaining 14 units and out of which, one unit is sold. Revenue and profit from this project will be recognised in the financial statements for the year ending 31 March 2015.

Foundation work of "The Met.Delight" at Camp Street has been completed and construction of the superstructure has begun. The Group has been actively exploring various sales plans of the project and will closely monitor the property market, adjust sales and marketing strategy when necessary. There is currently no concrete schedule on the launch of this project yet.

Pre-sale of the commercial units at 724–726 Nathan Road in January 2013 has received overwhelming responses. Except for the shop at ground floor, all upper floor units offered for sale had been sold at an aggregate consideration of HK\$1,122.1 million. With superstructure work completed, the site is now undergoing internal refurbishment and is anticipated to complete and be ready for handover to the purchasers during the first and second quarters of 2014.

The site at Sze Shan Street has been vacant and hoarding work has been finished. Negotiation with the Hong Kong Government on the amount of land premium required for redevelopment is still in progress.

Acquisition of the property at 575–575A Nathan Road was completed in March 2013 at a total consideration of approximately HK\$476.0 million. Situated at a prime area in Mongkok, Kowloon, the site will undoubtedly become another valuable development in the portfolio of the Group. The Group is currently studying various possibilities for redevelopment of this site.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS REVIEW (Continued)

#### Property Development (Continued)

As at 31 October 2013, the Group had a development land portfolio as follows:

Location	Approximate Site Area (sq. ft.)	Intended Usage	Expected 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
724–726 Nathan Road, Mongkok	3,000	Commercial	2014
140–146 Camp Street, Shum Shui Po	4,600	Residential/Shops	2015
575–575A Nathan Road, Mongkok	2,100	Commercial	2016
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential/Shopping Centre	2017

The Group will monitor closely the progress and costing of expected total development cost of its development sites to ensure their on-time completion in an efficient and quality manner. Besides, the Group will continue its effort in securing suitable residential and commercial development sites for development opportunities, both through participation in public tender and direct acquisition of prospective sites in the market.

#### Property Investment

The Group's gross rental income in the segment for the six months ended 30 September 2013 amounted to approximately HK\$23.4 million (2012: approximately HK\$27.7 million), representing an decrease of approximately HK\$4.3 million over the corresponding period last year. The decrease in gross rental income was attributable to the partial disposal of remaining commercial units in Grandeur Terrace since September 2012.

As at 30 September 2013, the Group's portfolio of investment properties comprised both commercial and residential units located in Hong Kong with a total carrying value of approximately HK\$1,222.6 million (31 March 2013: approximately HK\$679.9 million). During the six months ended 30 September 2013, the Group had disposed of a further 7 commercial units in Grandeur Terrace at an aggregate consideration of HK\$197.8 million. The remaining 9 units had also been sold and the sale transactions will be completed by the first quarter of 2014. After then, the Group's interest in this investment property will have been fully disposed of.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Investment *(Continued)*

To secure a stable and long term rental income stream, the Group has been looking vigorously for potential investment opportunities. During the reporting period, the Group completed at a consideration of HK\$508.0 million the purchase of Riviera Plaza, a shopping mall located in Tsuen Wan, New Territories. This shopping mall was acquired through a successful tender of the Group on 20 November 2012, details of which were set out in the Company's announcement dated 20 November 2012. Arrangement with tenants for vacant possession of the shopping mall has just been completed, and the Group is now preparing for the roll out of the renovation and enhancement works within the shopping mall. Expected completion of the works will be in the first quarter of 2015, which by then the mall will be positioned as an urban outlet centre, featuring international brands that offer discounts throughout the year. The shopping mall will be held as a long term investment property and should strengthen the rental income stream of the Group.

Besides, regular review and close monitor of the Group's investment property portfolio will be carried out to ensure that the level of the Group's overall rental return performs well in light of the latest market trend.

#### Management and Sub-licensing of Chinese Wet Markets

For the six months ended 30 September 2013, revenue recorded for this segment amounted to approximately HK\$97.3 million (2012: approximately HK\$111.3 million (as restated)), representing a decrease of approximately HK\$14 million over the corresponding period last year. On 31 May 2013, the licence for the Chinese wet market at Hang Yiu Estate had expired and was returned to the landlord.

During the reporting period, the Group continued to manage a portfolio of approximately 800 stalls in 13 "Allmart" brand of Chinese wet markets in Hong Kong with a total gross floor area of over 30,000 square feet. In the People's Republic of China (the "PRC"), the Group managed a portfolio of approximately 1,100 stalls in 17 Chinese wet markets with a total gross floor area of over 283,000 square feet under the "Huiimin" brand in various districts of Shenzhen, Guangdong Province.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **Management and Sub-licensing of Chinese Wet Markets *(Continued)***

As one of the Group's major effort in the promotion of the Chinese wet markets, the "Allmart Club" membership program had recruited over 11,000 members to date. The program not only improved the traffic flow of shoppers, but also enhanced the overall business atmosphere of the Group's managed Chinese wet markets. Besides, during the reporting period, the Group had launched a number of enhancement works in the Chinese wet markets, including massive renovation of portal and stall signages, upgrade of patrol management system and improvement works for toilets. Ventilation system in certain locations have also been improved.

The operation of Chinese wet markets has contributed a stable stream of income for the Group. Capitalising on the expertise and reputation developed in the Chinese wet market operations, the Group will actively pursue business opportunities in this segment both in Hong Kong and the PRC.

#### **Investment in Pharmaceutical and Health Products Related Business**

As at 30 September 2013, the Group held 24.87% interest in Wai Yuen Tong Medicine Holdings Limited ("**WYTH**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

For the six months ended 30 September 2013, WYTH achieved a turnover of approximately HK\$418.6 million (2012: approximately HK\$365.7 million) and profit attributable to equity holders of approximately HK\$59.1 million (2012: approximately HK\$33.7 million). The improvement in its results was mainly contributed by the increase in gross profit resulting from the increase in its turnover, the gain from change in fair value of investments held-for-trading and the decrease in fair value gains on investment properties. The Group's share of profit of WYTH for the six months ended 30 September 2013 amounted to approximately HK\$15.9 million (2012: approximately HK\$9.5 million).



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### **Investment in and Loan Facilities Granted to PNG Resources Holdings Limited (“PNG”)**

PNG, a company listed on the Main Board of the Stock Exchange, is principally engaged in property development in the PRC, a forestry and logging operations in Papua New Guinea and the retailing of fresh pork meat and related produce in Hong Kong. During the six months ended 30 September 2013, the Group acquired on market 342.2 million shares of PNG at an aggregate purchase price of approximately HK\$68.8 million. As a result, the Group’s equity interest in PNG as at 30 September 2013 increased to 19.92%. The Group is optimistic about the prospects of PNG, especially of its potential property development opportunities in the PRC. It is expected that the investment in PNG will generate long term benefits to the shareholders of the Group.

As at 30 September 2013, PNG is also indebted to the Group in an aggregate outstanding principal amount of approximately HK\$107.6 million at an interest rate of 8.0% per annum which will provide a good return of interest income to the Group.

#### **Loan Facility Granted to China Agri-Products Exchange Limited (“China Agri-Products”)**

During the six months ended 30 September 2013, the Group entered into a further loan agreement dated 19 September 2013 with China Agri-Products, pursuant to which the Group granted to China Agri-Products a secured revolving loan facility (the “**CAP Loan**”) of a maximum of HK\$210.0 million at an interest rate of 12.0% per annum which is repayable on or before 18 September 2016, details of which were disclosed in the Company’s announcement dated 19 September 2013. As at 30 September 2013, the CAP Loan had been partially drawn and China Agri-Products was indebted to the Group in an aggregate outstanding principal amount of HK\$736.0 million, of which HK\$670.0 million had been drawn pursuant to the previous loan agreement dated 16 July 2012 (as amended by the supplemental agreement dated 31 July 2012). The Group considers that the CAP Loan can generate a higher and stable interest income to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2013, the Group's total assets less current liabilities were approximately HK\$4,343.7 million (31 March 2013: approximately HK\$4,930.5 million (as restated)) and the current ratio decreased from approximately 2.4 times as at 31 March 2013 to approximately 1.7 times as at 30 September 2013.

As at 30 September 2013, the Group had cash resources and short-term investments of approximately HK\$588.9 million (31 March 2013: approximately HK\$790.0 million (as restated)). Aggregate borrowings as at 30 September 2013 amounted to approximately HK\$1,714.5 million (31 March 2013: approximately HK\$1,629.8 million). The gearing ratio was approximately 33.1% (31 March 2013: approximately 25.1% (as restated)), calculated by reference to the Group's total borrowings net of cash and cash equivalents and the equity attributable to owners of the parent.

As at 30 September 2013, the Group's investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$1,222.6 million, HK\$1,922.0 million and HK\$112.1 million (31 March 2013: approximately HK\$679.9 million (as restated), HK\$1,834.3 million and HK\$167.3 million) were pledged to secure the Group's general banking facilities utilised for approximately HK\$722.3 million, HK\$1,097.1 million and HK\$Nil (31 March 2013: approximately HK\$381.1 million, HK\$1,155.1 million and HK\$178.4 million respectively). The Group's capital commitment as at 30 September 2013 amounted to approximately HK\$300.9 million (31 March 2013: approximately HK\$698.3 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The management of the Group is of the opinion that the Group's existing financial resources are sufficient for the Group's needs in the foreseeable future.

### 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 therefore 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 194 (31 March 2013: 202) employees, of whom approximately 95.3% (31 March 2013: 87.6%) 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 bonus 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 various property market cooling measures in place, sentiment in the Hong Kong property market has remained cautious. Although property transaction activities have slowed down considerably, prices has remained relatively stable. The Hong Kong Government has reiterated that it would not expect to revoke the cooling measures in the near future. To reactivate sale activities, property developers recently cut prices and offered stamp duty rebates and special financial terms to property purchasers when launching their new luxury residential projects. These moves have surprisingly caused favourable response in the market, and developers have gradually increased prices in subsequent sales roll out.

In the longer term, the demand for high quality housing and desire for improved living conditions will remain robust and will continue to generate support to the property market in Hong Kong. It is also anticipated that land supply by the government in the short to medium term would increase steadily, hence the property market should remain stable. Further, it is expected that major economies will continue their effort in maintaining economic growth through various monetary stimuli, which will continue to translate into low interest rate and high liquidity. The Group is therefore cautiously optimistic about the property market in Hong Kong and will actively to look for sound development opportunities. As the Group's major property projects will progress towards completion within the next few years, to replenish land inventory for future development, the Group has been actively participating in tenders for government lands as well as direct acquisitions in the market.

As a major operator of Chinese wet markets in Hong Kong, the Group has a competitive edge built on the dedication, professional expertise and extensive experience in this business segment. The Group will continue to dedicate its effort to improve the operation, and to provide the best services to its customers and shoppers. Besides, the Group will actively look for further development opportunities of this business segment in the PRC with an aim to maximise value to the shareholders.

## 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 2013, 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			
Mr. Tang Ching Ho	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	
Ms. Yau Yuk Yin	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	Approximate percentage of the Company's total issued share capital (Note g) %

## 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 represented 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 8 January 2010 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 beneficially held by Mr. Chan Chun Hong, Thomas was vested as follows:

On the 1st anniversary of the date of grant:	30% vest
On the 2nd anniversary of the date of grant:	Further 30% vest
On the 3rd anniversary of the date of grant:	Remaining 40% vest

- (g) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2013 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2013, 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 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 2013, 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 ordinary shares of the Company:*

<b>Name of shareholder</b>	<i>Notes</i>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of the Company's total issued share capital</b> <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 percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2013 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2013, 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

The Company adopted a new share option scheme (the "**2012 Scheme**") at the annual general meeting of the Company held on 21 August 2012 for the primary purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The old share option scheme adopted on 3 May 2002 (the "**2002 Scheme**") expired at the close of business on 2 May 2012, no further share option was granted under it but the share options granted prior to such expiry will continue to be valid and exercisable during the prescribed exercisable period in accordance with the 2002 Scheme.

## SHARE OPTION SCHEME (Continued)

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

Name or Category	Date of grant	Number of share options				Outstanding as at 30 September 2013	Exercise period of share options	Exercise price per share HK\$
		Outstanding as at 1 April 2013	Granted during the period	Exercised during the period	Lapsed or cancelled during the period			
<b>Directors</b>								
Mr. Chan Chun Hong, Thomas	8-1-2009	180,295	-	-	-	180,295	8/1/2010-7/1/2019*	0.3893
		180,295	-	-	-	180,295		
<b>Other employees</b>								
	1-3-2007	14,562,108	-	-	-	14,562,108	1/3/2007-28/2/2017	2.0549
	8-1-2009	686,493	-	-	-	686,493	8/1/2010-7/1/2019*	0.3893
	12-5-2010	8,483,455	-	-	-	8,483,455	12/5/2011-11/5/2020*	0.2234
		23,732,056	-	-	-	23,732,056		
<b>TOTAL</b>		23,912,351	-	-	-	23,912,351		

\* The options granted under the 2002 Scheme vest as follows:

On the 1st Anniversary of the date of grant:	30% vest
On the 2nd Anniversary of the date of grant:	Further 30% vest
On the 3rd Anniversary of the date of grant:	Remaining 40% vest

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), seconded, any holder of any securities issued by any member of the Group, 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 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.



## SHARE OPTION SCHEME *(Continued)*

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.

During the period under review, the Board had not granted any share options under the 2012 Scheme. As at 30 September 2013, the Company had 23,912,351 share options outstanding under the 2002 Scheme, the exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 23,912,351 additional ordinary shares of the Company and additional share capital of HK\$239,123.51 and share premium of HK\$31,917,196.63.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2013.

The Group is committed to maintaining a high standard of corporate governance with a strong emphasis on transparency, accountability, integrity and independence and enhancing 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

Pursuant to a service agreement dated 10 June 2013 entered into between the Company and Mr. Tang Ching Ho, the chairman of the Company, the salary of Mr. Tang has been increased from HK\$389,340 per month to HK\$1.0 million per month with effect from 1 July 2013. In addition, commencing from the financial year ended 31 March 2013, Mr. Tang is entitled to a year-end bonus per annum on the basis of one-month salary at the discretion of the Board and a yearly performance bonus on the basis of 3% of the audited consolidated net profit after taxation of the Group.

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*(Continued)*

### DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

The Group had, through its various wholly-owned subsidiaries, granted loan facilities to China Agri-Products in an aggregate sum of HK\$880.0 million (the "**Loan Facilities**"). As at the end of the reporting period, China Agri-Products was indebted to the Group an aggregate outstanding principal amount of HK\$736.0 million pursuant to the following loan agreements and supplemental agreement:

- (i) a loan agreement dated 16 July 2012 (as supplemented on 31 July 2012), the Group agreed to provide a secured loan facility to China Agri-Products in a sum of HK\$670.0 million at an interest rate of 10.0% per annum for a term up to 30 September 2014, details of which were disclosed in the Company's announcements dated 16 July 2012 and 31 July 2012 and the Company's circular dated 3 August 2012; and
- (ii) a loan agreement dated 19 September 2013, the Group agreed to provide a secured loan facility to China Agri-Products in a sum of HK\$210.0 million at an interest rate of 12.0% per annum for a term up to 18 September 2016, details of which were disclosed in the Company's announcement dated 19 September 2013. Out of the loan facility of HK\$210.0 million, HK\$66.0 million was drawn down at the end of the reporting period.

The Loan Facilities were 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 owed or to be owed by the Relevant Subsidiaries to China Agri-Products.

### 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 2013.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### 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 enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard 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**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group’s financial reporting process, internal controls and other corporate governance issues. The Audit Committee has reviewed with the management and the Company’s external auditors the unaudited condensed consolidated financial statements for the six months ended 30 September 2013 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, 20 November 2013

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (Restated)
<b>REVENUE</b>	3	<b>321,150</b>	161,312
Cost of sales		<b>(144,311)</b>	(109,104)
<b>Gross profit</b>		<b>176,839</b>	52,208
Other income and gains	4	<b>49,648</b>	34,393
Selling and distribution expenses		<b>(12,079)</b>	(7,919)
Administrative expenses		<b>(50,562)</b>	(41,624)
Other expenses	6	<b>(25,345)</b>	3,859
Finance costs	5	<b>(8,229)</b>	(5,762)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net		<b>3,329</b>	(16,324)
Fair value gains on investment properties, net		<b>9,053</b>	59,199
Share of profit and loss of a jointly-controlled entity		<b>3,900</b>	1,691
Share of profit and loss of an associate		<b>15,887</b>	9,462
<b>PROFIT BEFORE TAX</b>	6	<b>162,441</b>	89,183
Income tax expense	7	<b>(13,221)</b>	(17,334)
<b>PROFIT FOR THE PERIOD</b>		<b>149,220</b>	71,849
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale investments		<b>(102,410)</b>	–

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2013

	Note	Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (Restated)
Other reserves:			
Share of other comprehensive income/(loss) of a jointly-controlled entity		707	(285)
Share of other comprehensive income of an associate		1,892	466
		2,599	181
Exchange differences on translation of foreign operations		(680)	(186)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(100,491)</b>	<b>(5)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>48,729</b>	71,844
Profit attributable to:			
Owners of the parent		149,311	71,849
Non-controlling interests		(91)	–
		149,220	71,849
Total comprehensive income attributable to:			
Owners of the parent		48,820	71,844
Non-controlling interests		(91)	–
		48,729	71,844
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	8		
For the period			
Basic and diluted		<b>HK2.29 cents</b>	HK1.10 cents

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	Notes	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Restated) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	7,150	4,817
Investment properties		1,222,583	679,900
Properties under development	10	941,000	1,249,162
Investment in an associate		495,919	480,327
Investment in a jointly-controlled entity		96,410	91,803
Available-for-sale investments		300,895	334,529
Loans and interests receivable		67,202	881,054
Deposits paid		14,968	117,916
Deferred tax assets		351	817
Total non-current assets		3,146,478	3,840,325
<b>CURRENT ASSETS</b>			
Properties under development	10	980,953	585,118
Properties held for sale		112,143	167,346
Trade receivables	12	3,058	4,652
Loans and interests receivable		816,807	35,139
Prepayments, deposits and other receivables		360,232	288,510
Financial assets at fair value through profit or loss		59,318	55,989
Tax recoverable		687	1,024
Pledged deposits		–	500
Cash and cash equivalents		529,585	734,036
Total current assets		2,862,783	1,872,314
<b>CURRENT LIABILITIES</b>			
Trade payables	13	32,454	38,473
Other payables and accruals		34,615	47,983
Deposits received and receipts in advance		572,056	367,470
Interest-bearing bank loans		965,563	284,122
Provisions for onerous contracts		993	880
Tax payable		59,838	43,197
Total current liabilities		1,665,519	782,125

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

30 September 2013

<i>Note</i>	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Restated) HK\$'000
	<b>1,197,264</b>	1,090,189
<b>NET CURRENT ASSETS</b>		
	<b>4,343,742</b>	4,930,514
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	<b>748,982</b>	1,345,697
Provisions for onerous contracts	<b>1,846</b>	2,369
Deferred tax liabilities	<b>5,281</b>	10,188
Other payables	<b>3,510</b>	4,264
Total non-current liabilities	<b>759,619</b>	1,362,518
Net assets	<b>3,584,123</b>	3,567,996
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>65,249</b>	65,249
Reserves	<b>3,518,500</b>	3,502,282
	<b>3,583,749</b>	3,567,531
<b>Non-controlling interests</b>	<b>374</b>	465
Total equity	<b>3,584,123</b>	3,567,996

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the parent									
	Capital (Unaudited) HK\$'000	Share		Share option reserve (Unaudited) HK\$'000	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
		Issued premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000							
At 1 April 2012, as previously reported	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	-	-	-	-	(186)	-	-	(186)	-	(186)
Share of other comprehensive income of a jointly-controlled entity	-	-	-	-	(285)	-	-	(285)	-	(285)
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



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 September 2013

	Attributable to owners of the parent										
	Capital (Unaudited) HK\$'000	Share premium (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
				investment	Share option						
				revaluation reserve (Unaudited) HK\$'000	reserve (Unaudited) HK\$'000						
At 1 April 2013, as previously reported	65,249	1,462,363	306,353	205,890	6,087	15,810	4,069	1,501,700	3,567,531	465	3,567,996
Profit for the period	-	-	-	-	-	-	-	149,311	149,311	(91)	149,220
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale investments	-	-	-	(102,410)	-	-	-	-	(102,410)	-	(102,410)
Exchange differences on translation of foreign operations	-	-	-	-	-	(680)	-	-	(680)	-	(680)
Share of other comprehensive income of a jointly-controlled entity	-	-	-	-	-	707	-	-	707	-	707
Share of other comprehensive income of an associate	-	-	-	-	-	-	1,892	-	1,892	-	1,892
Total comprehensive income/(loss) for the period	-	-	-	(102,410)	-	27	1,892	149,311	48,820	(91)	48,729
Final 2013 dividend declared	-	-	-	-	-	-	-	(32,625)	(32,625)	-	(32,625)
Equity-settled share option arrangements	-	-	-	-	23	-	-	-	23	-	23
At 30 September 2013	65,249	1,462,363*	306,353*	103,480*	6,120*	15,837*	5,961*	1,618,386*	3,563,749	374	3,584,123

\* These reserve accounts comprise the consolidated reserves of HK\$3,518,500,000 (31 March 2013: HK\$3,502,282,000 (as restated)) in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	<b>Six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>186,218</b>	26,428
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(425,131)</b>	(17,688)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>34,349</b>	(52,841)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(204,564)</b>	(44,101)
Cash and cash equivalents at beginning of period	<b>734,036</b>	566,688
Effect of foreign exchange rate changes, net	<b>113</b>	122
<b>Cash and cash equivalents at end of period</b>	<b>529,585</b>	522,709
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>165,707</b>	238,223
Non-pledged time deposits with original maturity of less than three months when acquired	<b>363,878</b>	284,486
	<b>529,585</b>	522,709

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

## 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 to the Listing Rules.

The 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 2013.

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 2013, which 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties and equity investments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated.

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

## 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 unaudited interim condensed consolidated financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards</i> — <i>Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures</i> — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	<i>Amendments to HKAS 1 Presentation of Financial Statements</i> — <i>Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvement 2009–2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 11, the adoption of the above new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements. However, certain changes in disclosures have been adopted by the Group in compliance with HKFRS 13 and HKAS 1 Amendments.

HKFRS 13 established a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group. HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by HKAS 34.16A(j), thereby affecting the unaudited interim condensed consolidated financial statements period. The Group provides these disclosures in note 19 to the condensed consolidated financial statements.

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

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

The HKAS 1 Amendments introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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

The application of HKFRS 11 impacted the Group's accounting of its interest in a joint venture, Shenzhen Jimao Market Co., Limited ("**Shenzhen Jimao**"). The Group has a 50% interest in Shenzhen Jimao, which is principally engaged in the management and sub-licensing of Chinese wet markets. Prior to the transition to HKFRS 11, Shenzhen Jimao was classified as a jointly-controlled entity and the Group's share of its assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of HKFRS 11, the Group has determined its interest in Shenzhen Jimao to be classified as a joint venture under HKFRS 11 and it is required to be accounted for using the equity method. The transition was applied retrospectively as required by HKFRS 11 and the comparative information for the immediately preceding period is restated. The effect of applying HKFRS 11 on the Group's financial statements is as follows:

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Six months ended 30 September 2012 (Unaudited) HK\$'000
Impact on consolidated statement of profit or loss:	
Decrease in revenue	(8,634)
Decrease in cost of sales	3,066
Decrease in gross profit	(5,568)
Decrease in other income and gains	(285)
Decrease in administrative expenses	1,435
Increase in fair value gains on investment properties	1,958
Increase in share of profit and loss of a jointly-controlled entity	1,691
Decrease in profit before tax	(769)
Decrease in income tax expense	769
Net impact on profit for the period	-
	31 March 2013 (Unaudited) HK\$'000
Impact on consolidated statement of financial position:	
Decrease in property, plant and equipment	(753)
Decrease in investment properties	(77,117)
Decrease in goodwill	(1,376)
Increase in investment in a jointly-controlled entity	91,803
Increase in prepayments, deposits and other receivables	438
Decrease in cash and cash equivalents	(18,115)
Decrease in other payables and accruals	1,303
Decrease in deposits received and receipts in advance	2,757
Decrease in tax payable	1,125
Increase in deferred tax liabilities	(65)
Net impact on equity	-

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

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

	Six months ended 30 September 2012 (Unaudited) HK\$'000
Impact on consolidated statement of cash flow:	
Decrease in net cash flows from operating activities	(3,108)
Decrease in net cash flows used in investing activities	150
Decrease in net cash flows used in financing activities	3,009
Decrease in net decrease in cash and cash equivalents	51
Decrease in cash and cash equivalents at beginning of period	(15,407)
Increase in effect of foreign exchange rate changes, net	607
Decrease in cash and cash equivalents at end of period	(14,749)

The adoption of HKFRS 11 did not have any impact on either the other comprehensive income for the period or the Group's basic or diluted earnings per share attributable to the owners of the parent.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of properties;
- (b) the property investment engages in investment and the 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.

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

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

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, share of profit and loss of a jointly-controlled entity and share of profit and loss of an associate are excluded from such measurement.

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.



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

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

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

### Reportable segment information

Six months ended 30 September

	Property development		Property investment		Chinese wet markets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)
<b>Segment revenue:</b>								
Sales to external customers	1,596	–	222,210	50,043	97,344	111,269	321,150	161,312
Other revenue	615	3,861	9,328	60,398	2,279	2,442	12,222	66,701
Total	2,211	3,861	231,538	110,441	99,623	113,711	333,372	228,013
<b>Segment results</b>	<b>(42,838)</b>	<b>(19,814)</b>	<b>150,255</b>	<b>80,037</b>	<b>18,100</b>	<b>20,740</b>	<b>125,517</b>	<b>80,963</b>
<i>Reconciliation</i>								
Interest income							42,490	27,776
Finance costs							(8,229)	(5,762)
Corporate and unallocated income							7,318	2,974
Corporate and unallocated expenses							(24,442)	(27,921)
Share of profit and loss of a jointly-controlled entity							3,900	1,691
Share of profit and loss of an associate							15,887	9,462
Profit before tax							162,441	89,183
Income tax expense							(13,221)	(17,334)
Profit for the period							149,220	71,849

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

### 4. OTHER INCOME AND GAINS

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

	<b>Six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
<b>Other Income:</b>		
Bank interest income	<b>1,866</b>	1,821
Interest income from financial investments	<b>318</b>	436
Interest income from loans receivable	<b>40,306</b>	25,519
Dividend income from listed securities	<b>2,344</b>	772
Management fee income	<b>–</b>	50
Others	<b>3,953</b>	4,715
	<b>48,787</b>	33,313
<b>Gains:</b>		
Gain on disposal of investment properties, net	<b>–</b>	960
Gain on disposal of financial assets at fair value through profit or loss, net	<b>–</b>	111
Exchange gains, net	<b>861</b>	9
	<b>861</b>	1,080
<b>Other income and gains</b>	<b>49,648</b>	34,393

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

### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000
Interest on bank loans:		
Wholly repayable within five years	<b>11,349</b>	6,647
Repayable beyond five years <i>(Note)</i>	<b>6,403</b>	5,036
	<b>17,752</b>	11,683
Less: Interest capitalised	<b>(9,523)</b>	(5,921)
	<b>8,229</b>	5,762

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 2013 and 2012, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$2,137,000 and HK\$1,364,000, respectively.

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

### 6. PROFIT BEFORE TAX

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

	<b>Six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
Cost of services provided	<b>87,980</b>	86,870
Cost of properties sold	<b>56,331</b>	22,234
Depreciation	<b>1,751</b>	2,596
Amount utilised for onerous contracts, net	<b>(410)</b>	(383)
Impairment/(write-back of impairment) of properties under development to net realisable value*	<b>25,345</b>	(3,859)

\* These expenses are included in "Other expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

### 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2012: 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.

	<b>Six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000 (Restated)
Current – Hong Kong	<b>15,124</b>	4,849
Current – Mainland China	<b>2,538</b>	10,547
Deferred	<b>(4,441)</b>	1,938
Total tax charge for the period	<b>13,221</b>	17,334

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

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

The calculations of basic and diluted earnings per share attributable to the ordinary equity holders of the parent are based on:

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>149,311</b>	71,849
	<b>Number of Shares</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in basic and diluted earnings per share calculation	<b>6,524,935,021</b>	6,524,935,021

The Group had no potentially dilutive ordinary share in issue during the six months ended 30 September 2013 and 2012.

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

### 9. INTERIM DIVIDEND

	<b>Six months ended 30 September</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Interim dividend — HK0.15 cents (2012: HK0.15 cents) per ordinary share	<b>9,787</b>	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 2013, the Group incurred HK\$4,053,000 (six months ended 30 September 2012: HK\$968,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2013, the Group incurred HK\$113,018,000 on the additions of properties under development (six months ended 30 September 2012: HK\$40,460,000).

### 11. PLEDGE OF ASSETS

Certain bank loans of the Group and the Company are secured by the Group's investment properties and certain rental income generated therefrom, properties under development, properties held for sale and share charges in respect of the entire equity interests of five wholly-owned subsidiaries of the Company, which are engaged in properties development. In addition, sales proceeds from the pre-sale of properties under development with an aggregate carrying amount of HK\$265,828,000 (31 March 2013: HK\$229,726,000) are pledged for certain bank loans of the Group.

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

### 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:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Within 90 days	<b>3,091</b>	4,438
91 days to 180 days	–	120
Over 180 days	<b>121</b>	248
	<b>3,212</b>	4,806
Less: Impairment	<b>(154)</b>	(154)
	<b>3,058</b>	4,652

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.

### 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:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Within 90 days	<b>32,454</b>	38,473

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

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

### 14. SHARE CAPITAL

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Authorised:		
40,000,000,000 ordinary shares of HK\$0.01 each	<b>400,000</b>	400,000
Issued and fully paid:		
6,524,935,021 ordinary shares of HK\$0.01 each	<b>65,249</b>	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\$2,698,000 (31 March 2013: HK\$1,415,000) as at 30 September 2013. 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 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 six 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:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Within one year	<b>207,102</b>	217,733
In the second to fifth years, inclusive	<b>106,331</b>	200,800
	<b>313,433</b>	418,533

#### (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:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Within one year	<b>102,468</b>	108,285
In the second to fifth years, inclusive	<b>50,291</b>	104,135
	<b>152,759</b>	212,420

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

### 17. COMMITMENTS

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

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	<b>1,483</b>	–
Properties under development	<b>290,688</b>	291,932
Investment properties	<b>8,734</b>	406,400
	<b>300,905</b>	698,332

### 18. RELATED PARTY TRANSACTIONS

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

#### (a) Transactions with related parties

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Rental income received from a director	<i>(i)</i>	<b>498</b>	498
Transactions with Wai Yuen Tong Medicine Holdings Limited and its subsidiaries:			
Management fee income	<i>(ii)</i>	<b>60</b>	60
Rental income	<i>(ii)</i>	<b>735</b>	1,245
Rental expenses	<i>(ii)</i>	<b>996</b>	954
Purchases of products	<i>(iii)</i>	<b>93</b>	828

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

### 18. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

- (i) An investment property of the Group was leased to a director at an agreed monthly rental of HK\$83,000 (2012: 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) The purchases were made according to the published prices and conditions it offered to customers.

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

	<b>Six months ended 30 September</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Short term employment benefits	<b>2,301</b>	1,581
Post-employment benefits	<b>28</b>	21
	<b>2,329</b>	1,602

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

### 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 2013*

	<b>Level 1 (Unaudited) HK\$'000</b>	<b>Level 2 (Unaudited) HK\$'000</b>	<b>Level 3 (Unaudited) HK\$'000</b>	<b>Total (Unaudited) HK\$'000</b>
Available-for-sale investments	<b>300,895</b>	–	–	<b>300,895</b>
Financial assets at fair value through profit or loss	<b>51,174</b>	<b>8,144</b>	–	<b>59,318</b>
	<b>352,069</b>	<b>8,144</b>	–	<b>360,213</b>

*As at 31 March 2013*

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale investments	334,529	–	–	334,529
Financial assets at fair value through profit or loss	47,085	8,904	–	55,989
	381,614	8,904	–	390,518

During the six months ended 30 September 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2012: Nil).

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

### 20. COMPARATIVE AMOUNTS

As further explained in note 2 to the unaudited interim condensed consolidated financial statements, due to the adoption of HKFRS 11 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.

### 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 20 November 2013.