



WANG ON GROUP LIMITED

宏安集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1222



2010

INTERIM REPORT 

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Wong Chun, Justein, *MBE, JP, Chairman*
Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau
Mr. Tang Ching Ho
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

NOMINATION COMMITTEE

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP,*
Chairman
Mr. Wong Chun, Justein, *MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau
Mr. Tang Ching Ho
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

LEGAL ADVISERS

DLA Piper Hong Kong
Freshfields Bruckhaus Deringer
Gallant Y.T. Ho & Co.
Morrison & Foerster

PRINCIPAL BANKERS

Bank of East Asia, Limited
China Construction Bank (Asia) Corporation
Limited
China Construction Bank Corporation
DBS Bank (Hong Kong) 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

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>

STOCK CODE

1222

INTERIM DIVIDEND

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries and its jointly-controlled entity, collectively the “**Group**”) has resolved to declare an interim dividend of HK0.3 cents (six months ended 30 September 2009: HK0.3 cents) per ordinary share for the six months ended 30 September 2010. The interim dividend will be payable on 17 December 2010 to those shareholders whose names appear on the register of members of the Company on 7 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 December 2010 to Tuesday, 7 December 2010, 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 Friday, 3 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2010, the Group achieved a turnover of approximately HK\$218.3 million (six months ended 30 September 2009: approximately HK\$280.9 million), representing a decrease of approximately HK\$62.6 million.

Property Development

For the first half of the current financial year, the turnover for this division amounted to approximately HK\$48.9 million (six months ended 30 September 2009: approximately HK\$115.8 million), representing a decrease of approximately HK\$66.9 million against the same period last year as only one house in our Godi development was sold and completed. Subsequent to the period ended 30 September 2010, another two Godi houses were sold at total consideration of approximately HK\$94.9 million and will be delivered by the end of December 2010 and March 2011, respectively.

For the first half of the current financial year, the Hong Kong residential market performance was encouraging. Recent public land auctions were extremely well received by property developers. Record-breaking land prices were achieved through land auctions.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

In August 2010, the Group completed the acquisition of a residential building with a site area of approximately 4,000 square feet in Hung Hom, Kowloon, which the Group intends to redevelop into a residential cum commercial complex.

By the end of November 2010, the Group will further complete the acquisition of a 13-storey composite building with a site area of approximately 3,000 square feet in Mongkok, Kowloon. The entire building is planned to be demolished and re-developed into a Ginza-type complex.

Property Investment

Gross rental income for the period ended 30 September 2010 received from the Group's investment property portfolio climbed to approximately HK\$34.9 million. During the period, the Group invested approximately HK\$60.1 million on the acquisition of retail shops and residential premises in Hong Kong.

As at 30 September 2010, the Group maintained an investment property portfolio comprising retail and residential premises in Hong Kong with a net book value of approximately HK\$780.9 million (31 March 2010: approximately HK\$677.9 million).

The Group will continue to replenish and enhance its existing investment property portfolio by locating prospective retail acquisition targets. The Group believes a well-balanced portfolio provides a steady income stream and a potential for capital appreciation.

Management and Sub-licensing of Chinese Wet Markets

Revenue for this division for the period ended 30 September 2010 amounted to approximately HK\$107.1 million (six months ended 30 September 2009: approximately HK\$100.6 million), representing an increase of approximately HK\$6.5 million. This was chiefly contributed by the additional revenue generated from the management of a new Chinese wet market at Heng On Estate.

As of today, the Group manages a portfolio of approximately 1,100 stalls spread over 16 Chinese wet markets in Hong Kong with a gross floor area of over 350,000 square feet. The Group also manages a portfolio of approximately 1,100 stalls occupying a total gross floor area of over 273,000 square feet in 16 "Humin" brand Chinese wet markets in various districts in Shenzhen.

In November 2010, the Group commenced the management of a new Chinese wet market in Shenzhen.

The Group intends to secure more management contracts for profitable Chinese Wet Markets both in Hong Kong and the People's Republic of China (the "PRC").



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Agricultural By-products Wholesale Markets

The turnover of this division for the period ended 30 September 2010 amounted to approximately HK\$9.7 million (six months ended 30 September 2009: approximately HK\$11.3 million), representing a decrease of approximately HK\$1.6 million against the same period last year. This was mainly attributable to the slight decline of trading activities in the agricultural by-products wholesale market at Fanling.

In June 2010, the Group completed the disposal of its entire 50% interest in an agricultural by-products wholesale market at Changzhou. Following this disposal of its last remaining interest in agricultural by-products wholesale markets in the PRC, the Group will focus its resources in this segment on its operation in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group had cash resources and short term investments of approximately HK\$504.0 million (31 March 2010: approximately HK\$574.4 million). The aggregate borrowings as at 30 September 2010 amounted to approximately HK\$888.3 million (31 March 2010: approximately HK\$833.0 million).

During the period under review, the Group's gearing ratio was approximately 22.5% (31 March 2010: approximately 17.9%), calculated with reference to the Group's total borrowings net of cash and cash equivalents and the equity attributable to owners of the parent of approximately HK\$448.6 million and approximately HK\$2 billion, respectively.

As at 30 September 2010, the Group's properties held for sale with an aggregate carrying value of approximately HK\$570.7 million (31 March 2010 : approximately HK\$596.2 million), properties under development with an aggregate carrying value of approximately HK\$529.1 million (31 March 2010 : approximately HK\$383.9 million), and investment properties with an aggregate carrying value of approximately HK\$725.9 million (31 March 2010: approximately HK\$651.9 million) were pledged to secure general banking facilities totaling approximately HK\$852.3 million (31 March 2010: approximately HK\$833.0 million).

CAPITAL COMMITMENT

The Group's capital commitment as at 30 September 2010 amounted to approximately HK\$289.7 million (31 March 2010: approximately HK\$7.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2010 (31 March 2010: Nil).

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2010, the Group had 223 (31 March 2010: 250) full time employees, around 91.48% (31 March 2010: approximately 81.6%) of whom were located in Hong Kong.

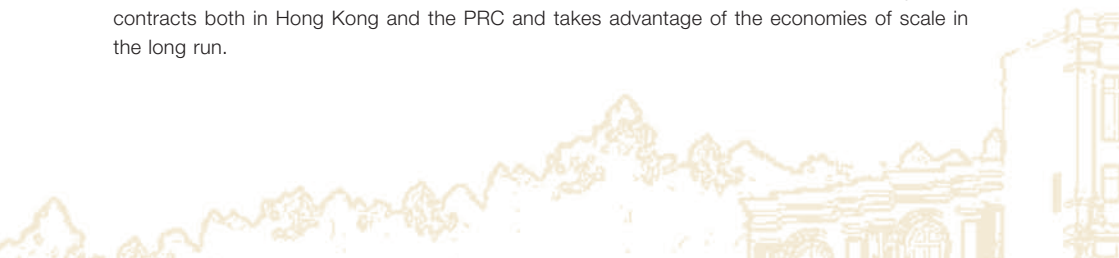
The Group remunerates its employees mainly based on industry practices and individual performance and experience. Apart from the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and structured training programs, are also provided. The Group operates a Mandatory Provident Fund Scheme for those employees in Hong Kong who are eligible to participate.

PROSPECTS

The Hong Kong property market is promising for the first half of this financial year. With the recent introduction of measures to increase the land supply by the Hong Kong government, the residential property market will become more healthy and stable in the long run. The continual influx of mainland investors also provide a strong demand for residential property market. In addition, The Hong Kong property market is further fuelled up by the prevailing low mortgage interest rate, the strong liquidity with the banking system and satisfactory job market.

The Group targets to enlarge its existing property development land banks by locating and selecting potential sites. In addition, the Group continues to replenish its property investment portfolio which will strengthen its revenue and profitability as a whole.

As a key player in the Chinese Wet Market, the Group aims to secure more management contracts both in Hong Kong and the PRC and takes advantage of the economies of scale in the long run.



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 2010, 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 (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 of Hong Kong Limited (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	4,671,057	4,671,050 (Note a)	17,086,110 (Note b)	681,073,749 (Note c)	707,501,966	21.69	
Ms. Yau Yuk Yin	4,671,050	21,757,167 (Note d)	-	681,073,749 (Note e)	707,501,966	21.69	

(ii) Long positions in the 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) %
Mr. Chan Chun Hong, Thomas	2.1.2008	1.7462	124,323	2.1.2009 to 1.1.2013	124,323		
	8.1.2009	0.2823	248,654	8.1.2010 to 7.1.2019	248,654	372,977	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 Ching Ho was taken to be interested in those shares in which his spouse, Ms. Yau Yuk Yin, was interested.
- (b) Mr. Tang Ching Ho 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 Ching Ho 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 Yuk Yin was taken to be interested in those shares in which her spouse, Mr. Tang Ching Ho, was interested.
- (e) Ms. Yau Yuk Yin was taken to be interested in those shares by virtue of being a beneficiary of Tang's Family Trust.
- (f) The exercisable period of the above share options beneficially held by Mr. Chan Chun Hong, Thomas 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 2010 of 3,262,467,540 shares.

Save as disclosed above, as at 30 September 2010, 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 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 2010, to the best knowledge of the directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the ordinary 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 (c))</i> %
Accord Power Limited		Beneficial owner	681,073,749	20.88
Trustcorp Limited	(a)	Interest of controlled corporation	681,073,749	20.88
Newcorp Ltd.	(b)	Interest of controlled corporation	681,073,749	20.88

DISCLOSURE OF INTERESTS *(Continued)*

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

Notes:

- (a) Accord Power Limited is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust. Accordingly, Trustcorp Limited was taken to be interested in those shares held by Accord Power Limited.
- (b) Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd. and, accordingly, Newcorp Ltd. was taken to be interested in those shares in which Trustcorp Limited was interested.
- (c) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2010 of 3,262,467,540 shares.

Save as disclosed above, as at 30 September 2010, no persons had an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") which was adopted on 3 May 2002, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the 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, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee (including any sub-licensee) or distributor of goods or services of the Group, or any landlord or tenant (including any sub-tenant) of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 3 May 2002 and, unless otherwise terminated earlier by shareholders 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 Scheme during the period were as follows:

Name or Category	Date of grant	Number of share options					Outstanding as at 30 September 2010	Exercisable period	Closing price per share	
		Outstanding as at 1 April 2010	Granted during the period	Exercised during the year	Lapsed or cancelled during the period	Outstanding as at 30 September 2010			Exercise price per share	immediately before the grant date
								HK\$	HK\$	
Directors										
Mr. Chan Chun Hong, Thomas	2-1-2008	124,323	-	-	-	124,323	2/1/2009 to 1/1/2013*	1.7462	-	
	8-1-2009	248,654	-	-	-	248,654	8/1/2010 to 7/1/2019*	0.2823	-	
	12-5-2010	-	3,000,000	-	(3,000,000)	-	-	-	0.158	
		<u>372,977</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>372,977</u>				
Other employees										
	1-3-2007	31,942,181	-	-	-	31,942,181	1/3/2007 to 28/2/2017	1.4900	-	
	2-1-2008	559,469	-	-	-	559,469	2/1/2009 to 1/1/2013*	1.7462	-	
	8-1-2009	1,300,640	-	-	-	1,300,640	8/1/2010 to 7/1/2019*	0.2823	-	
	12-5-2010	-	17,700,000	-	(1,700,000)	16,000,000	12/5/2011 to 11/5/2020*	0.1620	0.158	
		<u>33,802,290</u>	<u>17,700,000</u>	<u>-</u>	<u>(1,700,000)</u>	<u>49,802,290</u>				
TOTAL		<u>34,175,267</u>	<u>20,700,000</u>	<u>-</u>	<u>(4,700,000)</u>	<u>50,175,267</u>				

Notes:

* The options granted under the Scheme vest 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 options under the Scheme was exercised. At 30 September 2010, the Company had 50,175,267 share options outstanding under the 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 50,175,267 additional ordinary shares of the Company and additional share capital of HK\$2,508,763.35 and share premium of HK\$49,308,489.63.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2010.

The Group will continue to seek any way 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 change(s) in information on Director(s) since the date of the 2010 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Chan Chun Hong, Thomas, the managing director of the Company, also assumed the role of the chief executive officer of China Agri-Products Exchange Limited with effect from 2 August 2010.

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

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 2010.

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 the directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standards set out in the Model Code adopted by the Company throughout the period under review.



CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 interim condensed consolidated financial statements for the six months ended 30 September 2010 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, 17 November 2010



INTERIM RESULTS

The Board is pleased to announce the unaudited interim condensed consolidated results of the Group for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009. These interim condensed consolidated financial statements were not audited, but have been reviewed by the Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Notes	For the six months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
REVENUE	3	218,349	280,864
Cost of sales		(145,017)	(200,808)
Gross profit		73,332	80,056
Other income and gains	4	68,745	22,984
Selling and distribution costs		(387)	(1,267)
Administrative expenses		(37,742)	(30,854)
Other expenses		(34,326)	(18,453)
Finance costs	6	(5,535)	(3,682)
Fair value gains/(losses) of equity investments at fair value through profit and loss, net		(11,477)	10,569
Fair value gains on revaluation of investment properties, net		50,605	33,045
Share of profits and losses of associates		-	(6,120)
PROFIT BEFORE TAX	5	103,215	86,278
Income tax expenses	7	(20,388)	(16,552)
PROFIT FOR THE PERIOD		82,827	69,726

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2010

	Notes	For the six months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		(48,046)	20,003
Impairment loss		25,402	–
		(22,644)	20,003
Other reserve:			
Share of other comprehensive income of an associate		–	117
Release upon disposal of an associate		(4,912)	–
		(4,912)	117
Exchange fluctuation reserve:			
Translation of foreign operations		5,653	211
Release upon disposal of an associate		(3,769)	–
		1,884	211
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(25,672)	20,331
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		57,155	90,057
Profit/(loss) attributable to:			
Owners of the parent		82,827	69,727
Non-controlling interests		–	(1)
		82,827	69,726
Total comprehensive income/(loss) attributable to:			
Owners of the parent		57,155	90,058
Non-controlling interests		–	(1)
		57,155	90,057
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT 8			
Basic		HK2.54 cents	(Restated) HK10.81 cents
Diluted		HK2.54 cents	HK10.81 cents

Details of dividends are disclosed in note 9 to the financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	Notes	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	12,940	12,292
Prepaid land lease payments		3,086	3,086
Investment properties		854,005	749,704
Properties under development	10	565,725	383,882
Goodwill		1,376	1,376
Available-for-sale investments		44,486	92,532
Held-to-maturity financial assets		45,407	28,912
Other intangible asset		9,090	12,120
Loans and interests receivable		57,470	142,371
Rental deposits paid		13,947	12,306
Deferred tax assets		377	377
Total non-current assets		1,607,909	1,438,958
CURRENT ASSETS			
Properties held for sale		578,823	604,309
Trade receivables	13	2,782	6,313
Prepayments, deposits and other receivables		333,631	223,553
Held-to-maturity financial assets		12,432	4,018
Equity investments at fair value through profit or loss		64,295	90,412
Tax recoverable		459	237
Cash and cash equivalents		439,734	484,026
Non-current asset classified as held for sale	12	1,432,156	1,412,868
		-	88,873
Total current assets		1,432,156	1,501,741
CURRENT LIABILITIES			
Trade payables	14	12,672	18,132
Other payables and accruals		22,225	26,424
Deposits received and receipts in advance		71,977	74,418
Interest-bearing bank loans		148,422	108,661
Provisions for onerous contracts		-	200
Tax payable		27,509	16,932
Total current liabilities		282,805	244,767
NET CURRENT ASSETS		1,149,351	1,256,974
TOTAL ASSETS LESS CURRENT LIABILITIES		2,757,260	2,695,932

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

30 September 2010

	Note	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		739,925	724,299
Deferred tax liabilities		26,293	18,015
Total non-current liabilities		766,218	742,314
Net assets		1,991,042	1,953,618
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	163,123	163,123
Reserves		1,827,523	1,790,099
Non-controlling interests		1,990,646 396	1,953,222 396
Total equity		1,991,042	1,953,618



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the parent										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Non-controlling Total (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000	
				for-sale							
				investments revaluation reserve (Unaudited) HK\$'000							
At 1 April 2009	3,776	707,959	149,755	-	7,922	11,364	9,925	461,082	1,351,783	397	1,352,180
Total comprehensive income for the period	-	-	-	20,003	-	211	117	69,727	90,058	(1)	90,057
Open offer	11,329	101,958	-	-	-	-	-	-	113,287	-	113,287
Bonus issue	7,552	(7,552)	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(4,694)	-	-	-	-	-	-	(4,694)	-	(4,694)
Final 2009 dividend declared	-	-	-	-	-	-	-	(11,329)	(11,329)	-	(11,329)
Equity-settled share option arrangements	-	-	-	-	130	-	-	-	130	-	130
At 30 September 2009	22,657	797,671	149,755	20,003	8,052	11,575	10,042	519,480	1,539,235	396	1,539,631
At 1 April 2010	163,123	1,013,448*	149,755*	55,855*	8,150*	8,309*	4,912*	549,670*	1,953,222	396	1,953,618
Total comprehensive income for the period	-	-	-	(22,644)	-	1,883	(4,912)	82,827	57,154	-	57,154
Share issue expenses	-	(221)	-	-	-	-	-	-	(221)	-	(221)
Final 2010 dividend declared	-	-	-	-	-	-	-	(19,575)	(19,575)	-	(19,575)
Equity-settled share option arrangements	-	-	-	-	66	-	-	-	66	-	66
At 30 September 2010	163,123	1,013,227*	149,755*	33,211*	8,216*	10,192*	-*	612,922*	1,990,646	396	1,991,042

* These reserve accounts comprise the consolidated reserve of HK\$1,827,523,000 (31 March 2010: HK\$1,790,099,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(127,402)	(316,650)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	50,384	(11,095)
NET CASH FLOWS FROM FINANCING ACTIVITIES	30,055	271,404
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46,963)	(56,341)
Cash and cash equivalents at beginning of period	484,026	483,707
Effect of foreign exchange rate changes, net	2,671	2,916
CASH AND CASH EQUIVALENTS AT END OF PERIOD	439,734	430,282
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	265,799	89,931
Non-pledged time deposits with original maturity of less than three months when acquired	173,935	340,351
	439,734	430,282



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. BASIS OF PRESENTATION

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2010.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2010 and in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (Which include all Hong Kong Financial Reporting Standards, HKASs, and Interpretations) issued by the HKICPA, except that the Group has in the current period applied, for the first time, the following new and revised HKFRSs:

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>



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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	Amendments to HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
HK Interpretation 4 (Revised) In December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>

Apart from the above, the Group has also adopted *Improvements to HKFRSs 2009** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* *Improvement to HKFRSs 2009* contain amendments to HKFRS 2, HKFRS 5, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The adoption of these new interpretations and amendments has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements, except for the following revised standards which the Group applies from 1 April 2010 prospectively:

(a) **HKFRS 3 (Revised) *Business Combinations***

HKFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after 1 April 2010. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.



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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) **HKAS 27 (Revised) *Consolidated and Separate Financial Statements***

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

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

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> ¹
HKFRS 9	<i>Financial Instruments</i> ³
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ²
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i> ²
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ¹

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 January 2013

In addition, *Improvements to HKFRSs* were issued in May 2010 by the HKICPA which contain amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13. Except for the amendments to HKFRS 3 and HKAS 27 which are effective for annual periods beginning on or after 1 July 2010, other amendments are effective for annual periods beginning on or after 1 January 2011 although there is separate transitional provision for each standard or interpretation.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 9 which may result in a change in accounting policy, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.



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

3. OPERATING SEGMENT INFORMATION

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

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

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 profits and losses of associates 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. OPERATING SEGMENT INFORMATION *(Continued)*

Reportable segment information *(Continued)*

For the six months ended 30 September 2009

	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet markets (Unaudited) HK\$'000	Shopping centres and carparks (Unaudited) HK\$'000	Agricultural by-products markets (Unaudited) HK\$'000	Trading of agricultural by-products (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:							
Sales to external customers	115,761	15,500	100,628	6,658	11,316	31,001	280,864
Other revenue	67	33,350	7,432	351	12	994	42,206
Total	115,828	48,850	108,060	7,009	11,328	31,995	323,070
Segment results							
	28,248	44,465	17,650	1,281	4,189	(737)	95,096
Corporate and unallocated expenses, net							(8,182)
Interest income							9,166
Finance costs							(3,682)
Share of profits and losses of associates							(6,120)
Profit before tax							86,278
Income tax expenses							(16,552)
Profit for the period							69,726



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

4. OTHER INCOME AND GAINS

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	2,160	600
Other interest income	9,591	8,566
Compensation received in respect of a fire accident	–	4,500
Gain on disposal of equity investments at fair value through profit or loss	737	615
Gain on disposal of a subsidiary	6,704	–
Gain on disposal of an associate	39,790	–
Dividend income from listed securities	814	131
Recognition of a deferred gain	–	403
Exchange gains, net	2,350	541
Others	6,599	7,628
	68,745	22,984

5. PROFIT BEFORE TAX

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

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	8,870	32,348
Cost of services provided	100,486	88,208
Cost of properties sold	35,661	80,252
Depreciation	3,298	3,134
Amortisation of other intangible asset	3,030	3,030
Amount released from onerous contracts, net	(200)	(750)
Loss on deemed disposal of an associate	–	18,445
Impairment of an available-for-sale investment	25,402	–
Impairment of properties under development	8,921	–

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

6. FINANCE COSTS

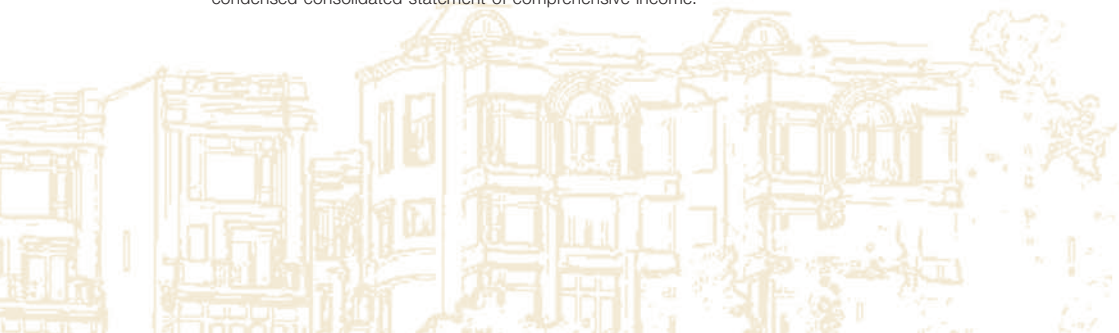
	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	5,535	3,682

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current tax charge for the period:		
Hong Kong	11,084	10,928
Mainland China	1,026	172
Deferred	8,278	5,452
Total tax charge for the period	20,388	16,552

During the six months ended 30 September 2009, share of tax attributable to associates amounting to HK\$322,000 was included in "Share of profits and losses of associates" on the face of the unaudited condensed consolidated statement of comprehensive income.



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

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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent,		
used in the basic earnings per share calculation	82,827	69,727

	Number of Shares	
	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during		
the period used in the basic earnings per share calculation	3,262,467,540	644,979,125*

* The weighted average numbers of ordinary shares in 2010 and 2009 have been retrospectively adjusted for the five-to-one share consolidation taken place on 23 February 2010, the open offer and its associated bonus issue taken place on 7 May 2009, and the rights issue and its associated bonus issue taken place on 18 March 2010.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2010 and 2009 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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

9. DIVIDENDS

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend declared and paid during the six month period:		
Final dividend for 2010 of HK0.6 cents (2009: HK0.5 cents) per ordinary share	19,575	11,329
Dividend proposed for approval:		
Interim dividend for 2010: HK0.3 cents (2009: HK0.3 cents) per ordinary share	9,787	8,156

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

During the six months ended 30 September 2010, the Group incurred HK\$3,338,000 (six months ended 30 September 2009: HK\$1,576,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2010, the Group incurred approximately HK\$181,843,000 on the additions of properties under development (six months ended 30 September 2009: Nil).

11. PLEDGE OF ASSETS

As at 30 September 2010, the Group's properties held for sale with an aggregate carrying value of approximately HK\$570,716,000 (31 March 2010: HK\$596,202,000), properties under development with an aggregate carrying value of approximately HK\$529,075,000 (31 March 2010: HK\$383,882,000), and investment properties with an aggregate carrying value of approximately HK\$725,870,000 (31 March 2010: HK\$651,910,000) and certain rental income generated therefrom were pledged to secure certain of the Group's general banking facilities.



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

12. INTERESTS IN AN ASSOCIATE

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Share of net assets	–	80,320
Deferred gains	–	–
	–	80,320
Due from an associate – <i>Note</i>	–	8,553
	–	88,873
Classified as held for sale	–	(88,873)
	–	–

Note:

As at 31 March 2010, the amount was unsecured, interest-free and has no fixed term of repayment. The carrying amount of this balance approximated to its fair value.



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

12. INTERESTS IN AN ASSOCIATE *(Continued)*

Particulars of the associates at the end of the reporting period are as follows:

Name	Particulars of issued share/ registered capital	Place of registration/ operation	Percentage of ownership /interest attributable to the Group		Principal activities
			30 September 2010	31 March 2010	
Changzhou Ling Jia Tang Hong-Jin Logistic Development Company Limited ("Changzhou Logistic")	Paid-up capital of US\$20,000,000	PRC	–	50	Development and management of agricultural by- products wholesale market

On 15 April 2010, the Group entered into two share transfer agreements (the "Disposal Agreements") with other shareholders of Changzhou Logistic to dispose of its aggregate 50% equity interest in Changzhou Logistic for a total consideration of approximately RMB80,000,000 (equivalent to HK\$90,348,000).

As the Group has committed to the disposal plan before 31 March 2010, the Group's interest in Changzhou Logistic as at 31 March 2010 was classified as a non-current asset held for sale and included as current asset on the interim condensed consolidated statement of financial position.



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

13. TRADE RECEIVABLES

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within 90 days	2,479	6,065
91 days to 180 days	240	155
Over 180 days	231	212
	2,950	6,432
Less: Impairment	(168)	(119)
	2,782	6,313

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.

14. TRADE PAYABLES

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within 90 days	12,672	18,132

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. SHARE CAPITAL

Shares	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Authorised:		
8,000,000,000 (31 March 2010: 4,000,000,000) ordinary shares of HK\$0.05 each (<i>Note 1</i>)	400,000	200,000
Issued and fully paid:		
3,262,467,540 (31 March 2010: 3,262,467,540) ordinary shares of HK\$0.05 each	163,123	163,123

Note 1: Pursuant to an ordinary resolution passed by the shareholders of the Company on 18 August 2010, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 4,000,000,000 shares of HK\$0.05 each to HK\$400,000,000 divided into 8,000,000,000 shares of HK\$0.05 each.

Share options

Details of the Company's share option scheme are set out in the section "Share Option Scheme" of the interim report.



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

16. DISPOSAL OF A SUBSIDIARY

On 20 July 2010, the Group disposed of the entire equity interest in Wang Hing Vegetables Wholesale Co Ltd, a 51%-owned subsidiary of the Group, and the assignment of the amount advanced by the Group to Wang Hing Vegetables Wholesale Co Ltd, for a consideration of HK\$1.

For the six months ended 30 September 2010

Details of the net assets disposed and financial impacts are summarised below:

	HK\$'000
Net assets disposed of:	
Prepayments, deposits and other receivables	610
Trade receivables	1,905
Cash and bank balances	1,013
Other payables and accruals	(2,394)
Trade payables	(7,838)
	(6,704)
Gain on disposal	6,704
Satisfied by:	
Cash	-

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

	HK\$'000
Cash consideration	-
Cash and bank balances disposed of	(1,013)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(1,013)



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

17. CONTINGENT LIABILITIES

The Group has 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\$867,000 (31 March 2010: HK\$798,440) as at 30 September 2010. The contingent liability has arisen because, at the end of the reporting period, 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 Hong Kong 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.

18. 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 three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the 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 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within one year	214,238	224,237
In the second to fifth years, inclusive	137,123	201,019
Beyond five years	–	1,744
	351,361	427,000



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

18. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

The Group leases certain Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to five 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 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within one year	110,238	117,263
In the second to fifth years, inclusive	213,890	238,967
Beyond five years	–	14,335
	324,128	370,565

19. COMMITMENTS

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

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Contracted, but not provided for:		
Investment properties	1,872	–
Properties under development	287,820	–
Properties held for sale	–	6,991
	289,692	6,991

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

20. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	For the six months ended	
		30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Rental income received from a director	(i)	492	492
Income from Wai Yuen Tong Medicine Holdings Ltd. ("WYTH"):			
Management fee	(ii)	48	48
Rental income	(ii)	2,460	1,500
Loan interest income	(iii)	–	490
Loan interest income from:			
PNG Resources Holdings Ltd.	(iv)	3,710	–
China Agri-Products Exchange Ltd.	(iv)	6,001	–
Rental expenses paid to WYTH	(ii)	954	840

- (i) An investment property of the Group was leased to a director of the Company, Mr. Tang Ching Ho, at an agreed monthly rental of HK\$82,000 (six months ended 30 September 2009: HK\$82,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related parties.
- (iii) Interest was charged by the Group on a loan advanced to WYTH at the Hong Kong prime rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited, for the six months ended 30 September 2009.
- (iv) Interest was charged by the Group at rates ranging from 6% to 8% per annum.

- (b) Other than an amount due from an associate as at 31 March 2010 as disclosed in note 12 to the financial statements, the Group had no outstanding balance with related parties as at the end of the reporting period.

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

20. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Short term employment benefits	1,346	1,294
Post-employment benefits	36	34
	1,382	1,328

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 17 November 2010.

