



WANG ON GROUP LIMITED

宏安集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1222

2014

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 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
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

BOARD LOT

20,000 shares

INVESTOR RELATIONS

Email: pr@wangon.com

HOMEPAGE

<http://www.wangon.com>

STOCK CODE

1222

INTERIM DIVIDEND AND SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE

The board of directors (the "**Board**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") has resolved to declare (i) an interim dividend of HK1.0 cent (six months ended 30 September 2013: HK0.15 cent) per share; and (ii) a special interim dividend to be satisfied by way of distribution of the shares of PNG Resources Holdings Limited ("**PNG**") held by the Group ("**PNG Shares**") in the proportion of three (3) PNG Shares for every multiple of 125 shares of the Company held by the shareholders of the Company, rounded down to the nearest whole number of PNG Shares (the "**Distribution in Specie**"), for the six months ended 30 September 2014. The interim dividend will be payable and the share certificates of the PNG Shares will be despatched on or around Tuesday, 23 December 2014 to those shareholders whose names appear on the register of members of the Company on Thursday, 11 December 2014.

The above basis of the Distribution in Specie has been determined after taking into account the number of existing issued shares of the Company, the number of PNG Shares held by the Group and the fact that a shareholder needs to hold at least 125 shares of the Company to be distributed with at least three (3) PNG Shares.

As at the date of this report, the Group owns an aggregate of 157,218,400 PNG Shares, representing approximately 14.2% of the issued share capital of PNG, and there are 6,524,935,021 shares in issue of the Company. Based on the closing price of HK\$0.325 per PNG Share as traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 November 2014 (being the date of this report), the maximum aggregate market value of the PNG Shares to be distributed (i.e. 156,598,440 PNG Shares) under the Distribution in Specie (the "**PNG Distribution Shares**") is approximately HK\$50.9 million, which represents a distribution of approximately HK0.78 cent per share of the Company. The final aggregate market value of the PNG Distribution Shares will be calculated based on the fair value of the PNG Shares as at the dividend settlement date and the total number of issued shares of the Company on Thursday, 11 December 2014. Therefore, the final aggregate market value of the PNG Distribution Shares may be different from the above figure. The carrying amount of the PNG Shares held by the Group as at 30 September 2014 was approximately HK\$58.9 million.

INTERIM DIVIDEND AND SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE *(Continued)*

The Board declares the payment of the special interim dividend by way of the Distribution in Specie, together with the payment of the interim cash dividend, to reward the support of the shareholders and simultaneously it allows the Group to focus and strengthen its resources on its core businesses.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 December 2014 to Thursday, 11 December 2014, both days inclusive, during which period, no transfer of shares will be effected. In order to qualify for the interim dividend and the Distribution in Specie, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 9 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2014 amounted to approximately HK\$603.6 million (six months ended 30 September 2013: approximately HK\$321.2 million), representing a significant increase of approximately HK\$282.4 million compared with the corresponding period last year. Profit attributable to owners of the parent for the six months ended 30 September 2014 was approximately HK\$217.9 million (six months ended 30 September 2013: approximately HK\$149.3 million), which also represented a significant increase of approximately HK\$68.6 million. The favourable results for the reporting period was mainly contributed by the completion of disposal of certain units of a development project at "726 Nathan Road". The review of the individual business segments of the Group is set out below.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development

Revenue recognised in this business segment during the reporting period was approximately HK\$498.4 million (six months ended 30 September 2013: HK\$1.6 million), and it was contributed mainly by the completion of disposal of certain units of the development project at “726 Nathan Road”. Except for the ground floor units, all the other 18 units of The “726 Nathan Road” Ginza-type commercial building was pre-sold in January 2013 at an aggregate consideration of approximately HK\$1,122.1 million. Construction works of this project was completed in February 2014, 7 out of 18 sold units had already been delivered to the purchasers before March 2014. A further 8 units were delivered during the reporting period which had contributed a revenue of approximately HK\$453.6 million to the Group for the six months ended 30 September 2014.

Construction of “The Met. Sublime” at Kwai Heung Street, Sai Ying Pun has almost been completed and the sold units will soon be delivered to the purchasers by the end of 2014. As at the end of the reporting period, there were 4 units remains to be sold. Revenue and profit from this project will be reflected in the forthcoming financial statements for the year ending 31 March 2015.

The superstructure of “The Met. Delight” at Camp Street, Sham Shui Po has already topped out and is currently undergoing internal refurbishment. The whole development is expected to complete by the end of 2015 and delivery to the purchasers will soon follow. Revenue and profit from this project will be recognised in the financial statements for the year ending 31 March 2016.

The old building at 575-575A Nathan Road, Mong Kok has already been demolished. Approval of the general building plan has been obtained and construction works at the site will soon start. Situated at the prime area in Mong Kok, and given the success of “726 Nathan Road”, the Group targets to develop this site into another Ginza-type commercial complex. Completion of this project is expected to be in late 2016.

The site at 13 and 15 Sze Shan Street, Yau Tong is currently vacant, pending the negotiation results with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Property Development (Continued)

In July 2014, a piece of land at Sha Tin Town Lot No. 599, located in Ma On Shan was successfully acquired by the Group at a consideration of approximately HK\$703.8 million through a tender by the Hong Kong Government. The acquisition was made under a business arrangement of which the Group owned 60% equity interest. The site has an approximate area of 33,000 square feet and a development requirement of minimum 310 units to be built. Preliminary works at the site have already been completed and building plan for the site is being formulated. Financial position and results of the development at this site will be consolidated into the financial statements of the Group.

Further in September 2014, the Group won another tender to acquire a nearby piece of land at Sha Tin Town Lot No. 598 in Ma On Shan at a consideration of approximately HK\$428.0 million. The land was also acquired under a business arrangement of which the Group owned 60% equity interest. The site has also an approximate area of 33,000 square feet, but with a development requirement of minimum 180 units to be built. Ground investigation and other preliminary works at the site have been started. Likewise, financial position and results of this development will also be consolidated into the financial statements of the Group.

As at 31 October 2014, the Group has a development land portfolio as follows:

Location	Approximate Site Area (Square feet)	Intended Usage	Anticipated Year of Completion
1–13, Kwai Heung Street, Sai Ying Pun	4,800	Residential/ Commercial	2014
140–146, Camp Street, Shum Shui Po	4,600	Residential/ Commercial	2015
575–575A, Nathan Road, Mong Kok	2,100	Commercial	2016
13 and 15, Sze Shan Street, Yau Tong	41,000	Residential/ Commercial	2017
Sha Tin Town Lot No. 599, Ma On Shan	33,000	Residential/ Commercial	2018
Sha Tin Town Lot No. 598, Ma On Shan	33,000	Residential/ Commercial	2018

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

To secure a sustainable growth in the long run, the Group will continue its effort in soliciting residential and commercial sites for redevelopment opportunities. We will also participate actively in public tenders of the Hong Kong Government with an aim to replenish development land reserve. Besides, the Group will continue to monitor closely the progress and costing of existing development projects to ensure on-time completion in an efficient and quality manner.

Property Investment

During the reporting period, the Group received gross rental income of approximately HK\$15.7 million (six months ended 30 September 2013: approximately HK\$23.4 million), representing a decrease of approximately HK\$7.7 million over the corresponding period last year. The decrease in gross rental income was primarily attributable to the disposal of the remaining 16 commercial units in Grandeur Terrace in the corresponding period last year and an investment property located at Mong Kok, Kowloon during the reporting period.

As at 30 September 2014, the Group's portfolio of investment properties comprised of both commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK\$1,116.9 million (31 March 2014: approximately HK\$1,140.1 million). During the six months ended 30 September 2014, the Group had completed a disposal transaction of a shop located at Mong Kok, Kowloon at a consideration of HK\$60.0 million, details of which had been set out in the Company's announcement dated 2 December 2013.

After the reporting period and as disclosed in the Company's announcement dated 7 November 2014, the Group entered into a provisional sale and purchase agreement dated 7 November 2014 for the acquisition of an investment property located at Causeway Bay, Hong Kong at a consideration of HK\$210.0 million, completion of which will take place on or before 16 February 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Investment *(Continued)*

Riviera Plaza, the shopping mall acquired by the Group which transaction was completed in July 2013, is currently vacant and is in the process of applying for alteration and enhancement plan approval. Renovation works will be carried out after then and expected completion will be around middle of 2016. After completion, the shopping mall will be held as a strategic long term investment property and it should strengthen the rental income stream and enhance rental yield of the Group in the long run. The Group will continue to explore potential property investment opportunities. As regard the other investment properties held, the Group will keep a close monitor and regular review of the portfolio to ensure overall rental return performs in line with the latest market trend, and achieve a sustainable rental growth.

Management and Sub-licensing of Chinese Wet Markets

For the six months ended 30 September 2014, revenue recorded for this segment amounted to approximately HK\$89.5 million (six months ended 30 September 2013: approximately HK\$97.3 million), representing a decrease of approximately HK\$7.8 million over the corresponding period last year. On 30 April 2014 and 19 August 2014, the licences for the Chinese wet markets at Tin Shui Estate, Tin Shui Wai and Belvedere Garden, Tsuen Wan had expired respectively and were returned to the landlords.

During reporting period, the Group mainly managed a portfolio of approximately 780 stalls in 12 “Allmart” brand of Chinese wet markets in Hong Kong with a total gross floor area of over 281,000 square feet. In Mainland China, the Group managed a portfolio of approximately 1,000 stalls in 17 Chinese wet markets with a total gross floor area of over 283,000 square feet under “Huimin” brand in various districts of Shenzhen, Guangdong Province of Mainland China. Facing competition from supermarkets and chain stores, the Group has continued its enhancement works in its managed wet markets as well as upgrading the management system and controls. The Group is of the view that continued improvement of the general environment and management of the wet markets will provide a more pleasant and convenient shopping experience and should attract more shoppers. The operation of Chinese wet markets will continue to contribute stable stream of income for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Investment in Pharmaceutical and Health Products Related Business

As at 30 September 2014, the Group held 24.58% interest in Wai Yuen Tong Medicine Holdings Limited ("**WYTH**"), a company listed on the Main Board of the Stock Exchange.

Following a series of on-market acquisition of 135.5 million shares of WYTH by the Group at an aggregate purchase price of approximately HK\$35.2 million (before expenses) conducted between 19 June 2014 and 18 July 2014, and the subsequent placing of new shares completed by WYTH on 28 August 2014, the Group's equity interest in WYTH has become 24.58%.

For the six months ended 30 September 2014, WYTH recorded a turnover from the continuing operations of approximately HK\$381.0 million (six months ended 30 September 2013: approximately HK\$411.0 million) and profit attributable to equity holders of approximately HK\$11.5 million (six months ended 30 September 2013: approximately HK\$59.1 million). The decline in its results was mainly attributable to, among other things, the decrease in gross profit resulting from decrease in turnover from operation, and the loss on deemed partial disposal of equity interests in an associate, despite gain from change in fair value of investments held-for-trading. The Group's share of profit of WYTH for the six months ended 30 September 2014 amounted to approximately HK\$54.4 million (2013: approximately HK\$15.9 million), included a gain on bargain purchase of approximately HK\$50.3 million (six months ended 30 September 2013: Nil) arising from on-market acquisition of shares of WYTH.

Despite current and expected slowdown of visitor numbers of and spending by Mainland China customers owing to a number of political and economic factors, the ever growing awareness of health and demand for quality traditional Chinese medicines from both local and Mainland China customers has never been diminishing. Given the recognised brand names and values of WYTH, the Group is of the view that the business of WYTH will grow steadily in the long term and expects that the investment in WYTH will provide long term value to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Investment in and Loan Facilities Granted to PNG

PNG, a company listed on the Main Board of the Stock Exchange, is principally engaged in property development in Mainland China and the retailing of fresh pork meat and related produce in Hong Kong, in which the Group held an aggregate of 14.20% equity interest as at 30 September 2014. During the reporting period, there was a further significant decline in the market value of the shares of PNG. As at 30 September 2014, the fair value of the PNG Shares held by the Group was approximately HK\$58.9 million (31 March 2014: approximately HK\$106.9 million). The directors consider that the decline in fair value was significant and prolonged, an impairment loss of approximately HK\$48.0 million (year ended 31 March 2014: approximately HK\$84.8 million) had been recognised in the profit or loss for the reporting period.

During the reporting period, PNG had fully repaid all outstanding loan plus associated interest to the Group. As at 30 September 2014, PNG had no indebtedness (31 March 2014: approximately HK\$107.6 million) to the Group.

Investment in and Loan Facility Granted to China Agri-Products Exchange Limited (“CAP”)

The Group's original 0.04% equity interest in CAP was diluted after a placement of 250,000,000 new shares by CAP completed on 3 September 2014. As at 30 September 2014, the Group held 0.03% equity interest in CAP.

As at 30 September 2014, CAP was indebted to the Group in an aggregate outstanding principal amount of HK\$880.0 million of which HK\$670.0 million was drawn pursuant to the loan agreement dated 16 July 2012 (as amended by the supplemental agreement dated 31 July 2012 and an assignment dated 15 April 2014); and HK\$210.0 million was drawn pursuant to a further loan agreement dated 19 September 2013.

On 30 September 2014, the Group entered into supplemental agreement with CAP which the repayment date of the HK\$670.0 million loan was extended from 30 September 2014 to 30 November 2014, in consideration for the proposed use of the net proceeds from a bond issue by CAP for repayment of its outstanding loan. Apart from the extension of repayment date, all other terms and conditions of the loan facility remain unchanged. Details of the extension of repayment date were disclosed in the joint announcement of the Company with CAP, WYTH and PNG dated 4 October 2014.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Investment in and Loan Facility Granted to China Agri-Products Exchange Limited (“CAP”) *(Continued)*

On 4 October 2014, the Group entered into the subscription agreement amongst CAP, pursuant to which the Group will subscribe up to a maximum principal amount of HK\$200.0 million two-year 8.5% coupon interest bonds and HK\$330.0 million five-year 10.0% coupon interest bonds to be issued by CAP, in consideration of receiving a subscription fee of 2.5% of the aggregate principal amount of the CAP’s bonds actually subscribed by the Group and repayment the outstanding loans currently indebted to the Group by CAP, details of which were set out in the Company’s announcement and circular dated 4 October 2014 and 24 October 2014 respectively. Such transaction was approved by the shareholders of the Group at the special general meeting held on 10 November 2014.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2014, the Group’s total assets less current liabilities were approximately HK\$5,321.4 million (31 March 2014: approximately HK\$4,738.8 million) and the current ratio decreased from approximately 2.8 times as at 31 March 2014 to approximately 1.9 times as at 30 September 2014.

As at 30 September 2014, the Group had cash resources and short-term investments of approximately HK\$1,172.6 million (31 March 2014: approximately HK\$815.9 million). Aggregate borrowings as at 30 September 2014 amounted to approximately HK\$2,034.6 million (31 March 2014: approximately HK\$1,266.9 million). The gearing ratio was approximately 24.1% (31 March 2014: approximately 14.2%), calculated by reference to the Group’s total bank and other borrowings net of cash and cash equivalents and the equity attributable to owners of the parent.

As at 30 September 2014, the Group’s land and buildings, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$63.0 million, HK\$1,070.0 million, HK\$2,492.7 million and HK\$57.1 million (31 March 2014: approximately HK\$64.0 million, HK\$1,096.2 million, HK\$1,267.3 million and HK\$314.0 million) were pledged to secure the Group’s general banking facilities. The Group’s capital commitment as at 30 September 2014 amounted to approximately HK\$98.8 million (31 March 2014: approximately HK\$221.1 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The Group strengthens and improves its risk control on a continual basis and adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group’s smooth operation, as well as flexibility to respond to market opportunities and uncertainties.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

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 dollar. The revenue of the Group, being mostly denominated in Hong Kong dollar, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

EMPLOYEES AND REMUNERATION POLICIES

At the end of the reporting period, the Group had 193 (31 March 2014: 203) employees, of whom approximately 95.3% (31 March 2014: 96.1%) were located in Hong Kong and the rest were located in Mainland China. 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

Despite the fact that various property market cooling measures by the Hong Kong Government are still in place, and general market expectation of a coming interest rate rise, property transaction activities in Hong Kong has still been active. During first three quarters of 2014, residential property prices in Hong Kong were still rising, but at a slower pace. Unsurprisingly, smaller-sized residential properties have experienced the highest growth in prices. This is evident from the fact that property developers are selling smaller and smaller sized new units, at a higher unit value. The trend mainly came from strong pent-up demand from end users who were exempt from the cooling measures. The higher end luxury property market, in contrast, had lost momentum owing to a drop in demand from investors and wealthy people from Mainland China who were affected more by the cooling measures. The Group expect that this trend of demand for quality and convenient entry level housing will continue to remain robust and major focus of the market in the coming years. Given our success in The Met. series of residential projects, we will extend our development of this series of small to medium sized units.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

PROSPECTS *(Continued)*

The weaker than expected economic data in Europe, Japan's further aggressive monetary easing program, and the increased likelihood that United States's monetary policy will stay loose for longer have caused market to expect that money supply should continue to remain adequate and interest rate should remain low. On the other hand, to meet the relentless and rigid demand for residential housing, land supply by the Hong Kong Government would inevitably need to be increased. The combination of these factors should solidify the support for the local property market in the near future. However, as buildable land is always scarce in Hong Kong, the increase in supply is expected to be difficult and slow. Also, the various requirements on size and units built on newly granted government land may hinder the pace of injections of new residential housing, not to mention the increasing construction costs. Nevertheless, such factors should have long been anticipated and calculated in developers' mind when formulating their strategies and should not be instrumental. As such, the Group is keeping its cautiously optimistic view about the property market in Hong Kong, seeing challenges as opportunities and take prompt actions.

Competition in the management of Chinese wet markets has become keen in recent years and there emerged a number of new competitors. As a major market operator, the Group has a competitive advantage built on extensive experience, professional expertise and dedication. The Group will strive to maintain its market share while seek proactively to expand. Moving forward, the Group will dedicate further effort to securing new markets either from Hong Kong, as well as from opportunities in the Mainland China.

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 2014, 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 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:

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
	Personal interest	Family interest	Corporate interest	Other interest		(Note f) %
Mr. Tang Ching Ho ("Mr. Tang")	9,342,113	9,342,100 (Note a)	2,336,125,102 (Note b)	1,663,309,609 (Note c)	4,018,118,924	61.58
Ms. Yau Yuk Yin ("Ms. Yau")	9,342,100	2,345,467,215 (Note d)	–	1,663,309,609 (Note e)	4,018,118,924	61.58

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 ("**Caister**"), 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 the Tang's Family Trust.
- (f) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2014 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2014, 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.

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.

DISCLOSURE OF INTERESTS *(Continued)*

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

As at 30 September 2014, 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:

Name of shareholder	Notes	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital <i>(Note 5)</i> %
Caister	(1)	Beneficial owner	2,336,125,102	35.80
Accord Power Limited ("Accord Power")	(2)	Beneficial owner – Tang's Family Trust	1,663,309,609	25.49
Fiducia Suisse SA	(3)	Interest of controlled corporation – Trustee	1,663,309,609	25.49
David Henry Christopher Hill	(3)	Interest of controlled corporation	1,663,309,609	25.49
Rebecca Ann Hill	(4)	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) Caister, a company wholly owned by Mr. Tang Ching Ho, beneficially owned 2,336,125,102 shares.
- (2) Accord Power is wholly owned by Fiducia Suisse SA in its capacity as the trustee of the Tang's Family Trust. Accordingly, Fiducia Suisse SA was taken to be interested in those shares held by Accord Power.
- (3) Fiducia Suisse SA is the trustee of the Tang's Family Trust. Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher Hill, and accordingly, Mr. David Henry Christopher Hill was taken to be interested in those shares in which Fiducia Suisse SA was interested.
- (4) 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.
- (5) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2014 of 6,524,935,021 shares.

Save as disclosed above, as at 30 September 2014, 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 since then, 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 of participant	Date of grant	Number of share options					Exercisable period	Exercise price per share HK\$
		Outstanding as at 1 April 2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period ^f	Outstanding as at 30 September 2014		
Directors								
Mr. Chan Chun Hong, Thomas	8/1/2009	180,295	-	-	(180,295)	-	8/1/2010 - 7/1/2019*	0.3893
		180,295	-	-	(180,295)	-		
Other employees								
	1/3/2007	14,562,108	-	-	(14,562,108)	-	1/3/2007 - 28/2/2017	2.0549
	8/1/2009	617,150	-	-	(596,347)	20,803	8/1/2010 - 7/1/2019*	0.3893
	12/5/2010	7,250,817	-	-	(7,033,292) ^g	217,525	12/5/2011 - 11/5/2020*	0.2234
		22,430,075	-	-	(22,191,747)	238,328		
TOTAL		22,610,370	-	-	(22,372,042) ^f	238,328		

Note:

* The share 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

^h Immediately after completion of the Share Offer and the Option Offer (collectively, the "Cash Offer"), details of which were set out in the Company's announcements dated 16 June 2014, 28 July 2014 and 11 August 2014 and the Company's circular dated 7 July 2014, 22,154,517 share options were cancelled.

^g 217,525 share options lapsed and the remaining of 6,815,767 share options were cancelled following completion of the Cash Offer.

SHARE OPTION SCHEME *(Continued)*

Under the 2012 Scheme, share options may be granted to any director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, 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.

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, 22,154,517 share options were cancelled under the 2002 scheme after completion of the Cash Offer, 217,525 share options lapsed under the 2002 scheme and no participant exercised any of their share options granted under the 2002 scheme. As at 30 September 2014, the Company had 238,328 share options outstanding under the 2002 Scheme and there was no share option outstanding under the 2012 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 238,328 additional ordinary shares of the Company and additional share capital of HK\$2,383.28 and share premium of HK\$54,310.41 (before expenses).

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 2014.

The Group is committed to maintaining a high standard of corporate governance within a sensible framework 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

UPDATE ON DIRECTORS' INFORMATION

The changes in the information of the directors of the Company since the publication of the 2014 annual report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

- (i) Mr. Chan Chun Hong, Thomas resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited with effect from 27 June 2014;
- (ii) Mr. Siu Kam Chau resigned as an independent non-executive director of China New Economy Fund Limited, a company listed on the Main Board of the Stock Exchange, with effect from 22 October 2014 and as an independent non-executive director of Oriental Unicom Agricultural Group Limited, a company listed on the GEM Board of the Stock Exchange, with effect from 27 October 2014; and
- (iii) The Company entered into the letters of appointment with Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau for renewal of their appointment as the independent non-executive directors of the Company for not more than three years commencing from 29 October 2014 at an annual remuneration of HK\$297,000, HK\$217,000, HK\$117,000 and HK\$140,000, respectively, on the basis of their background, experience and contribution to 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 RULES 13.13 AND 13.20 OF THE LISTING RULES

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

- (a) a loan agreement dated 16 July 2012 (as supplemented on 31 July 2012 and amended by the assignment dated 15 April 2014), the Group agreed to provide a secured loan facility to CAP 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. Pursuant to the supplemental agreement dated 30 September 2014, the aforesaid repayment date has been extended from 30 September 2014 to 30 November 2014; and
- (b) a loan agreement dated 19 September 2013, the Group agreed to provide a secured loan facility to CAP 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.

The Loan Facilities were secured by share charges over equity interests of certain subsidiaries of CAP (the “**Relevant Subsidiaries**”) and floating charges over assets of the Relevant Subsidiaries and a loan assignment by way of a charge executed by CAP over the loans owed or to be owed by the Relevant Subsidiaries to CAP.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES (Continued)

Subsequent to the reporting period, the Group, through its wholly-owned subsidiary, entered into a subscription agreement among CAP on 4 October 2014, pursuant to which, the Group agreed to subscribe for up to a maximum principal amount of HK\$200.0 million two-year 8.5% coupon bonds (the “**2016 Bonds**”) and a maximum principal amount of HK\$330.0 million five-year 10.0% coupon bonds (the “**2019 Bonds**”) to be issued by CAP (the “**Bonds Subscription**”), in consideration of (i) receiving a subscription fee of 2.5% of the aggregate principal amount of the 2016 Bonds and the 2019 Bonds actually subscribed; and (ii) the intended use of the net proceeds from the bonds issue to repay the outstanding maturing loans set out in (a) and (b) above, details of which were set out in the Company’s announcement dated 4 October 2014 jointly issued with CAP, WYTH and PNG and the Company’s circular dated 24 October 2014. The Bonds Subscription has been approved by the shareholders of the Company at the special general meeting held on 10 November 2014.

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 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding securities transactions by directors of the Company on the terms no less exacting than the required standard set forth in the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the period under review and no incident of non-compliance by the directors was noted by the Company during the period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

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 2014 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justin and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

APPRECIATIONS

I would like to take this opportunity to thank our customers, business partners and shareholders for the continued support given to the Group during the period. I would also like to thank my fellow members of the Board and all staff for their contribution to the Group.

By Order of the Board

Tang Ching Ho

Chairman

Hong Kong, 19 November 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2014

		Six months ended 30 September	
	Notes	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
REVENUE	3	603,620	321,150
Cost of sales		(288,908)	(144,311)
Gross profit		314,712	176,839
Other income and gains	4	69,815	49,648
Selling and distribution expenses		(21,461)	(12,079)
Administrative expenses		(75,793)	(50,562)
Other expenses		(529)	(25,345)
Finance costs	5	(7,275)	(8,229)
Fair value gains of financial assets at fair value through profit or loss, net		16,323	3,329
Fair value gains on investment properties, net		33,847	9,053
Impairment of an available-for-sale investment		(47,952)	–
Loss on deemed partial disposal of an associate		(76,110)	–
Share of profits and losses of:			
A joint venture		2,903	3,900
An associate		54,412	15,887
PROFIT BEFORE TAX	6	262,892	162,441
Income tax expense	7	(45,203)	(13,221)
PROFIT FOR THE PERIOD		217,689	149,220
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		47,781	(102,410)
Reclassification adjustment for an impairment loss included in profit or loss		(47,952)	–
		(171)	(102,410)
Exchange differences on translation of foreign operations		(115)	(680)
Other reserves:			
Release upon deemed partial disposal of an associate		83	–
Share of other comprehensive income of a joint venture		1,030	707
Share of other comprehensive income/(loss) of an associate		(2,245)	1,892
		(1,132)	2,599

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

		Six months ended 30 September	
	<i>Notes</i>	2014	2013
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		(1,418)	(100,491)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		216,271	48,729
Profit attributable to:			
Owners of the parent		217,942	149,311
Non-controlling interests		(253)	(91)
		217,689	149,220
Total comprehensive income attributable to:			
Owners of the parent		216,524	48,820
Non-controlling interests		(253)	(91)
		216,271	48,729
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>8</i>		
Basic		HK3.34 cents	HK2.29 cents
Diluted		HK3.34 cents	HK2.29 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2014

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	67,975	70,668
Investment properties		1,116,910	1,140,070
Properties under development	10	1,842,833	700,000
Investment in a joint venture		95,274	91,341
Investment in an associate		530,492	521,592
Available-for-sale investments		71,582	119,704
Loans and interest receivable		210,597	210,797
Deposits paid		4,514	3,996
Deferred tax assets		368	548
Total non-current assets		3,940,545	2,858,716
CURRENT ASSETS			
Properties under development	10	647,905	567,283
Properties held for sale		127,975	341,109
Trade receivables	12	1,619	1,958
Loans and interest receivable		673,211	846,015
Prepayments, deposits and other receivables		245,169	347,138
Financial assets at fair value through profit or loss		125,500	105,274
Tax recoverable		793	699
Time deposits with original maturity over three months		–	10,000
Cash and cash equivalents		1,047,070	710,591
Total current assets		2,869,242	2,930,067
CURRENT LIABILITIES			
Trade payables	13	34,574	56,792
Other payables and accruals		33,534	60,159
Deposits received and receipts in advance		446,193	361,446
Interest-bearing bank and other loans		807,899	447,315
Provisions for onerous contracts		2,458	2,398
Tax payable		163,710	121,864
Total current liabilities		1,488,368	1,049,974
NET CURRENT ASSETS		1,380,874	1,880,093
TOTAL ASSETS LESS CURRENT LIABILITIES		5,321,419	4,738,809

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans		1,226,680	819,540
Provisions for onerous contracts		–	1,651
Deferred tax liabilities		4,427	4,427
Other payables and accruals		984	984
Total non-current liabilities		1,232,091	826,602
Net assets		4,089,328	3,912,207
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	65,249	65,249
Reserves		4,024,179	3,846,805
		4,089,428	3,912,054
Non-controlling interests		(100)	153
Total equity		4,089,328	3,912,207

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2014

	Attributable to owners of the parent										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2013	65,249	1,462,363	306,353	205,890	6,097	722	18,202	1,504,655	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 joint venture	-	-	-	-	-	707	-	-	707	-	707
Share of other comprehensive income of an associate	-	-	-	-	-	-	1,892	-	1,892	-	1,892
Total comprehensive income for the period	-	-	-	(102,410)	-	27	1,892	149,311	48,820	(91)	48,729
Equity-settled share option arrangements	-	-	-	-	23	-	-	-	23	-	23
Final 2013 dividend declared	-	-	-	-	-	-	-	(32,625)	(32,625)	-	(32,625)
At 30 September 2013	65,249	1,462,363	306,353	103,480	6,120	749	18,094	1,621,341	3,583,749	374	3,584,123

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

Six months ended 30 September 2014

	Attributable to owners of the parent										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2014	65,249	1,462,363	306,353	(585)	5,933	637	16,159	2,055,945	3,912,054	153	3,912,207
Profit for the period	-	-	-	-	-	-	-	217,942	217,942	(253)	217,689
Other comprehensive income / (loss) for the period:											
Available-for-sale investments:											
Changes in fair value of available-for-sale investments	-	-	-	47,781	-	-	-	-	47,781	-	47,781
Reclassification adjustment for an impairment loss included in profit or loss	-	-	-	(47,952)	-	-	-	-	(47,952)	-	(47,952)
Exchange differences on translation of foreign operations	-	-	-	-	-	(115)	-	-	(115)	-	(115)
Release upon deemed partial disposed of an associate	-	-	-	-	-	-	83	-	83	-	83
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	1,030	-	1,030	-	1,030
Share of other comprehensive loss of an associate	-	-	-	-	-	-	(2,245)	-	(2,245)	-	(2,245)
Total comprehensive income for the period	-	-	-	(171)	-	(115)	(1,132)	217,942	216,524	(253)	216,271
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	(5,899)	-	-	5,899	-	-	-
Final 2014 dividend declared	-	-	-	-	-	-	-	(39,150)	(39,150)	-	(39,150)
At 30 September 2014	65,249	1,462,363*	306,353*	(756)*	34*	522*	15,027*	2,240,636*	4,089,428	(100)	4,089,328

* These reserve accounts comprise the consolidated reserves of HK\$4,024,179,000 (31 March 2014: HK\$3,846,805,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2014

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(used in) operations	(638,776)	186,902
Profits tax paid	(3,271)	(684)
Net cash flows from/(used in) operating activities	(642,047)	186,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	118,618	62,800
Decrease in loans receivables	107,840	11,874
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	10,000	–
Investment in an associate	(35,354)	–
Additions to investment properties	(3,163)	(432,030)
Purchases of available-for-sale investments	–	(68,777)
Proceeds from disposal of an investment property	60,000	–
Other cash flows arising from investing activities	1,233	1,002
Net cash flows from/(used in) investing activities	259,174	(425,131)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(9,249)	(17,752)
Dividends paid	(39,150)	(32,625)
Repayment of bank loans	(205,176)	(324,074)
New bank and other loans	972,900	408,800
Net cash flows from financing activities	719,325	34,349
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	336,452	(204,564)
Cash and cash equivalents at beginning of period	710,591	734,036
Effect of foreign exchange rate changes, net	27	113
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,047,070	529,585
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	421,305	165,707
Non-pledged time deposits with original maturity of less than three months when acquired	625,765	363,878
	1,047,070	529,585

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2014.

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 2014, 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 (Cap. 622), 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 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.

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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10 <i>Consolidated Financial Statements</i> , HKFRS 12 <i>Disclosure of Interests in Other Entities</i> and HKAS 27 (2011) <i>Separate Financial Statements</i> – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments:</i> <i>Recognition and Measurement</i> – <i>Novation of Derivatives</i> <i>and Continuation of Hedge Accounting</i>
HK(IFRIC)–Int 21	<i>Levies</i>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The adoption of these new and revised HKFRSs 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 the unaudited interim condensed consolidated financial statements.

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; and
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets.

Management monitors the results of the Group's 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 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 joint venture and share of profit and loss of an associate are excluded from such measurement.

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	498,438	1,596	15,686	222,210	89,496	97,344	603,620	321,150
Other revenue	6,058	615	34,104	9,328	3,359	2,279	43,521	12,222
Total	504,496	2,211	49,790	231,538	92,855	99,623	647,141	333,372
Segment results	244,897	(42,838)	32,971	150,255	16,938	18,100	294,806	125,517
<i>Reconciliation:</i>								
Interest income							54,644	42,490
Finance costs							(7,275)	(8,229)
Corporate and unallocated revenue							21,820	7,318
Corporate and unallocated expenses							(158,418)	(24,442)
Share of profits and losses of:								
A joint venture							2,903	3,900
An associate							54,412	15,887
Profit before tax							262,892	162,441
Income tax expense							(45,203)	(13,221)
Profit for the period							217,689	149,220

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:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Other Income		
Bank interest income	4,731	1,866
Interest income from financial investments	317	318
Interest income from loans receivable	49,596	40,306
Dividend income from listed securities	2,500	2,344
Management fee income	252	–
Others	9,723	3,953
	67,119	48,787
Gains		
Gain on disposal of financial assets at fair value through profit or loss, net	519	–
Exchange gains, net	2,177	861
	2,696	861
Other income and gains	69,815	49,648

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans:		
Wholly repayable within five years	6,579	11,349
Repayable beyond five years	4,067	6,403
	10,646	17,752
Less: Interest capitalised	(3,371)	(9,523)
	7,275	8,229

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cost of services provided	75,774	87,980
Cost of properties sold	213,134	56,331
Depreciation	3,170	1,751
Amount utilised for onerous contracts, net	(1,591)	(410)
Loss on disposal of an investment property*	660	–
Write-down of properties under development to net realisable value*	–	25,345
Write-back of impairment of trade receivables, net*	(131)	–

* These expenses are included in "Other expenses" on the face of the 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 2013: 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.

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current – Hong Kong	45,023	15,124
Current – Mainland China	–	2,538
Deferred	180	(4,441)
Total tax charge for the period	45,203	13,221

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:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	217,942	149,311

	Number of Shares	
	2014 (Unaudited)	2013 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	6,524,935,021	6,524,935,021
Effect of dilution – weighted average number of ordinary shares: Share options	179,940	–
Weighted average number of ordinary shares, used in diluted earnings per share calculation	6,525,114,961	6,524,935,021

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2013 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interim dividend – HK1.0 cent (2013: HK0.15 cent) per ordinary share	65,249	9,787

In addition, a special interim dividend was declared by way of distribution in specie of the PNG Shares held by the Group to the shareholders of the Company in the proportion of 3 PNG Shares for every 125 shares in the issued share capital of the Company, rounded down to the nearest whole number of PNG Shares.

The interim and special interim dividends were declared after the end of the reporting period and hence were not accrued on that date.

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

During the six months ended 30 September 2014, the Group incurred HK\$463,000 (six months ended 30 September 2013: HK\$4,053,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2014, the Group incurred HK\$1,223,455,000 on the additions of properties under development (six months ended 30 September 2013: HK\$113,018,000).

11. PLEDGE OF ASSETS

Certain bank loans of the Group are secured by the Group's land and buildings, 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 subsidiaries of the Group, which are engaged in property development. In addition, sales proceeds from the pre-sale of properties under development with an aggregate carrying amount of HK\$126,256,000 (31 March 2014: HK\$239,940,000) 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:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 90 days	1,619	1,943
91 days to 180 days	–	63
Over 180 days	–	83
	1,619	2,089
Less: Impairment	–	(131)
	1,619	1,958

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:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 90 days	34,574	56,792

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Authorised:		
40,000,000,000 ordinary shares of HK\$0.01 each	400,000	400,000
Issued and fully paid:		
6,524,935,021 ordinary shares of HK\$0.01 each	65,249	65,249

15. CONTINGENT LIABILITIES

The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employee Ordinance, with a maximum possible amount payable of HK\$1,570,000 (31 March 2014: HK\$1,354,000) as at 30 September 2014. 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.

16. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and sub-leases Chinese wet markets under operating lease arrangements, with leases negotiated for terms ranging from two months to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within one year	103,239	160,798
In the second to fifth years, inclusive	23,911	46,366
	127,150	207,164

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) **As lessee**

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

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within one year	46,074	83,783
In the second to fifth years, inclusive	6,126	20,498
	52,200	104,281

17. COMMITMENTS

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Contracted, but not provided for:		
Properties under development	91,518	211,309
Investment properties	7,262	9,824
	98,780	221,133

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

	Notes	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Rental income received from a director*	(i)	600	498
Rental expenses paid to a company in which a director of the Company is a controlling shareholder	(ii)	150	–
Transactions with WYTH Limited and its subsidiaries:			
– Management fee received by the Group	(ii)	60	60
– Rental income received by the Group	(ii)	413	735
– Rental expenses paid by the Group	(ii)	996	996
– Purchases of products by the Group	(iii)	1,666	93

* The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

- (i) A property of the Group was leased to a director at a monthly rental of HK\$100,000 (six months ended 30 September 2013: 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 party.
- (iii) The purchases from WYTH were made according to the published prices and conditions offered by WYTH to customers.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term employment benefits	4,998	2,301
Post-employment benefits	51	28
	5,049	2,329

19. FAIR VALUE HIERARCHY

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

Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: based on valuation techniques for which the lowest level inputs that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assets measured at fair value:

As at 30 September 2014

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale investments:				
Equity investments	58,957	–	–	58,957
Debt investments	–	12,625	–	12,625
Financial assets at fair value through profit or loss	102,406	23,094	–	125,500
	161,363	35,719	–	197,082

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. FAIR VALUE HIERARCHY *(Continued)*

As at 31 March 2014

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale investments:				
Equity investments	106,909	–	–	106,909
Debt investments	–	12,795	–	12,795
Financial assets at fair value through profit or loss	90,194	15,080	–	105,274
	197,103	27,875	–	224,978

The Group did not have any financial liabilities measured at fair value as at 30 September 2014 and 31 March 2014.

During the six months ended 30 September 2014, 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 2013: Nil).

20. 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 19 November 2014.