



# WANG ON GROUP LIMITED 宏安集團有限公司

*(Incorporated in Bermuda with limited liability)*

Stock Code: 1222



Interim Report

# 2007

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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

Mr. Chan Chun Hong, Thomas

### QUALIFIED ACCOUNTANT

Mr. Leong Weng Kin

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
China Construction Bank Corporation  
Bank Sarasin-Rabo (Asia) Limited

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**HEAD OFFICE AND PRINCIPAL  
PLACE OF BUSINESS**

5th Floor  
Wai Yuen Tong Medicine Building  
9 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

**AUDITORS**

Ernst & Young

**LEGAL ADVISERS**

Mallesons Stephen Jaques  
Morrison & Foerster  
Gallant Y.T. Ho & Co.  
Kirkpatrick & Lockhart Preston Gates Ellis

**BRANCH REGISTRAR IN HONG KONG**

Tricor Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

**HOME PAGE**

<http://www.wangon.com>

**STOCK CODE**

1222

## INTERIM DIVIDEND AND BOOK CLOSE

The board of directors (the “Board”) of Wang On Group Limited (the “Company”) has resolved to declare an interim dividend of HK0.16 cents (2006: HK0.15 cents) per share for the six months ended 30 September 2007. The interim dividend will be payable on 15 January 2008 to those shareholders whose names appear on the register of members of the Company on 4 January 2008 (the “Record Date”). The register of members of the Company will be closed from 3 January 2008 to the Record Date (both days inclusive). During this period, no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 2 January 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 September 2007, the Company and its subsidiaries (the “Group”) recorded turnover of approximately HK\$296.4 million (2006: approximately HK\$298.4 million), representing a slight decrease of approximately 0.7% as compared with the corresponding period last year. Profit attributable to equity holders, however, rose by 11.2% to approximately HK\$37.8 million (2006: approximately HK\$34.0 million) and the Group continued to record an increase in net assets to approximately HK\$1.15 billion (31 March 2007: HK\$1.04 billion) as at 30 September 2007. The Group’s profitability growth trend is demonstrated most notably by its net profit growth for the five consecutive periods. The satisfactory results for the six-month period were mainly attributed to the successful sale of Meister House villas and the turnaround the Group saw in its pharmaceutical and health products related business.

### Agricultural By-products Wholesale Market

During the period under review, with the supportive policies adopted by the government of the People’s Republic of China (the “PRC”), the Group continued to expand its core businesses of agricultural by-products wholesale markets in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS REVIEW (Continued)

#### Agricultural By-products Wholesale Market (Continued)

As at 30 September 2007, there were three agricultural by-products wholesale markets invested by the Group, details of which are set out below:

Location	Approximate Site Area (million sq. ft.)	Percentage of Ownership Interest	Amount Invested (up to the date of this report) (in million)	Status	Anticipated Completion
Xuzhou	2.1	51%	HK\$36.8	In operation	N/A
Yulin	3.3	65%	HK\$60.0	Construction work for phase 1 was commenced in December 2007	Middle of 2008
Changzhou	0.6	40%	HK\$43.7	Construction work to be commenced in the first quarter of 2008	Last quarter of 2008
Total	6.0		HK\$140.5		

In November 2007, the Group entered into a joint venture agreement to set up a sino-foreign co-operative joint venture company in the PRC for the development, operations and management of agricultural by-products wholesale markets and related facilities, and the sale and rental of related properties in Zhengzhou, Henan Province, the PRC. The total investment of the joint venture company, which is 51% owned by the Group, amounts to RMB260 million.

Apart from its investments in the PRC, the Group has been providing management services for the operation of North District Temporary Wholesale Market for Agricultural Products in Fanling, New Territories, which is one of the three principal wholesale markets for the trading of agricultural products in Hong Kong since April 2007. Its performance has been steady and was ahead of our budget during the period under review. It is expected that such business will further improve in the second half of this financial year.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Agricultural By-products Wholesale Market *(Continued)*

The Group intends to continue to intensify its investment in agricultural by-products wholesale markets in the PRC to further entrench its commitment in supporting the State's "Vegetable Basket Project". The Group is actively seeking investment opportunities in other prime locations in the PRC for expansion of its agricultural by-products wholesale market business.

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

The Group is currently the single largest operator of Chinese wet markets in Hong Kong, managing a portfolio of more than 850 stalls with a total area of over 300,000 square feet in 13 Chinese wet markets. During the period under review, turnover of Chinese wet markets management and sub-licensing business remained stable and reached HK\$70.8 million (2006: HK\$70.9 million), representing a small decline of approximately 0.1% as compared with that of the same period of last year.

Leveraging its strong wet market operations experience in Hong Kong, the Group has expanded its presence into the PRC Chinese wet market management business in 2006. At present, the Group manages a total of more than 1,700 stalls occupying a total gross floor area of approximately 340,000 square feet in 20 Chinese wet markets in various districts in Shenzhen, the PRC.

The Group plans to further leverage its management expertise and experience in modern Chinese wet market management to enlarge its portfolio and extend its business reach.

#### Property Development

During the period under review, the sales of Meister House achieved remarkable results. The sale of 9 villas with an aggregate value of HK\$200 million was completed and is reflected in the Group's results for the first half of the year. Subsequently, up to 30 November 2007, a further 5 villas with a sale value of approximately HK\$78 million have been sold and their relevant revenue is expected to be included in the financial year ending 31 March 2008. The Group intends to sell the remaining 2 villas in the coming months given the prevailing favourable market sentiment.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

The construction work of the Shatin Heights has been completed and show flats are currently being decorated. This project comprises 11 villas each with its private swimming pool. The sale of these villas is expected to be launched in the first quarter of 2008.

The Group proactively extended its property development activities to the PRC during the period under review. By public land auction, the Group acquired, in July 2007, a plot with a site area of approximately 0.7 million square feet for RMB134 million in Dailingshan Dongguan, Guangdong Province, the PRC. The site is planned to be developed into a residential and commercial complex with hotel facilities. The foundation and construction work are scheduled to commence in 2008.

On 23 November 2007, the Group further acquired 50% equity interest in a PRC company which has acquired by way of public auction a land site of approximately 2.4 million square feet in Fuzhou, Jiangxi Province, the PRC. It is intended that the site will be developed into a residential cum commercial complex. The Board considers that this acquisition allows the Group to enjoy the continuing economic development of Fuzhou and enables the Group to further strengthen its land bank in the PRC.

The Group aims to enhance its revenue stream from property development through identifying suitable sites both in Hong Kong and in the PRC so as to replenish its land bank.

#### Property Investment

As at 30 September 2007, the Group maintained an investment property portfolio of retail shops and residential premises with a net book value of approximately HK\$297.8 million (2006: approximately HK\$285.3 million). The Group continues to look for suitable retail premises for the expansion of its investment property portfolio. The investment properties offer the Group a steady cash flow as well as opportunities for capital appreciation.

The Hong Kong property market demonstrated a strong rebound during the first half of the Group's current financial year, with property prices recording a double digit percentage growth during the six months. The Group believes the local property market will maintain its vibrant momentum in the coming year, with an increased amount of capital flowing into the property sector.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

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

The results of our pharmaceutical and health products related business continued to improve during the period under review with a total turnover of HK\$213.9 million (2006: HK\$172.5 million), representing a 24.0% increase over that of the same period last year. Profit generated by this business attributable to equity holders for the first half of the year amounted to HK\$15.4 million compared with a loss attributable to equity holders of HK\$5.3 million in the same period of the previous year.

During the period under review, 14 new retail outlets were increased bringing the total number of outlets in Hong Kong and the PRC to 94.

The Group expects that the performance of its pharmaceutical and health products related business will further improve in light of the healthy economy in both the PRC and Hong Kong and the population's increasing health consciousness.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the Group had cash resources and short term investments of HK\$320.1 million (31 March 2007: HK\$513.4 million). The aggregate borrowings as at 30 September 2007 amounted to HK\$501.0 million (31 March 2007: HK\$544.0 million).

The gearing ratio was 22.8% (31 March 2007: 7.4%), calculated with reference to the Group's total borrowing's net of cash and bank balances and equity attributable to equity holders of the Company of approximately HK\$253.5 million and HK\$1,113.0 million respectively.

As at 30 September 2007, the Group's investment properties, with a carrying amount of HK\$315.5 million (31 March 2007: HK\$252.2 million), and certain rental income generated therefrom, were pledged to secure the Group's general banking facilities, HK\$147.9 million (31 March 2007: HK\$89.4 million) of which was utilised as at 30 September 2007.

The Group's capital commitment as at 30 September 2007 amounted to approximately HK\$35.1 million (31 March 2007: approximately HK\$31.7 million).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **LIQUIDITY AND FINANCIAL RESOURCES** *(Continued)*

The management is of the opinion that the existing financial resources will be sufficient for the Group's future expansion plans.

### **FUND RAISING**

Apart from the issue of unlisted warrants raising net proceeds of approximately HK\$4.0 million in June 2007 (as announced on 15 May 2007), with a view to expand the Group's investments as well as to strengthen its financial position, the Company disposed of 210 million shares in Wai Yuen Tong Medicine Holdings Limited ("WYT") during the period under review. The net proceeds of approximately HK\$93.8 million from the disposal are intended to be used as to approximately HK\$50.0 million for the development and acquisition of wet markets and agricultural by-products distribution centre business and the remaining balance as general working capital of the Group.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2007, the Group had 283 full time employees, around 82.7% of whom were located in Hong Kong.

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**

The Group managed to continue growth momentum through further expansion of its focused business areas and concentration of resources in its redefined core businesses.

The encouraging results of the first half of the year have laid a solid foundation for the Group to strengthen its profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### PROSPECTS *(Continued)*

Although the Group's recently commenced investment in the PRC agricultural by-product wholesale markets has yet to generate return, the Group's expansion upstream in the agricultural by-product distribution network allows it to integrate its agricultural by-product distribution operations, which cover wholesale markets, logistic services and Chinese wet markets. Such a set up is expected to not only create better cost-efficiency, but also enable the Group to command a prominent position in agricultural by-product distribution in the PRC and Hong Kong.

Given the relative stability of the Chinese wet market business and the booming property market, the directors of the Company are optimistic about the full year performance.

## 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 2007, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange 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:

Long positions in ordinary shares of the Company:

Name of director	Number of 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		
Mr. Tang Ching Ho	16,218,960	16,218,920 (Note (a))	59,326,780 (Note (b))	873,837,400 (Note (c))	965,602,060	14.97
Ms. Yau Yuk Yin	16,218,920	75,545,740 (Note (d))	–	873,837,400 (Note (e))	965,602,060	14.97

## 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.

Save as disclosed above, as at 30 September 2007, 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 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)

### SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 3 May 2002, the Company approved a share option scheme (the "Scheme") under which eligible participants include any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), seconded, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee (including any sub-licensee) or distributor of goods or services of the Group, or any landlord or tenant (including any sub-tenant) of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 3 May 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

The movement in the share options under the Scheme during the period under review was as follows:

Name or category of participant	Number of share options exercised		Addition due to adjustment for the Share Subdivision made during the period		Date of grant and exercisable period of share options	Exercise price of the share options before and after the Share Subdivision	Price of the Company's shares at exercise date of share options**
	At 1 April 2007	before the Share Subdivision	At 30 September 2007				
Other employees							
In aggregate	32,546,800	(1,887,600)	582,524,800	613,184,000	*	*	7.74

HK\$

HK\$

## DISCLOSURE OF INTERESTS *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

- \* These represented options granted on 12 November 2004 and 1 March 2007 to employees with exercise prices ranging from HK\$0.97 to HK\$2.85 per share as at 1 April 2007 and with exercise periods starting at the earliest on 7 October 2003 and ending at the latest on 1 March 2017. During the period under review, the exercise prices of the share options were adjusted to the range of HK\$0.0485 to HK\$0.1425 per share with effect from 18 May 2007 due to the implementation of subdivision of each share of HK\$0.1 into 20 shares of HK\$0.005 each in the share capital of the Company (as detailed in the Company's circular dated 30 April 2007) (the "Share Subdivision").
  
- \*\* The price of the Company's shares as at the date of exercise of the share options is the weighted average of the closing prices of the shares of the Company as listed on the Stock Exchange on the trading day immediately before the date on which the share options were exercised (before adjusted by the Share Subdivision).

During the period under review, the Board had not granted any option under the Scheme. At the balance sheet date, the Company had 613,184,000 share options outstanding under the Scheme. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 613,184,000 additional ordinary shares of the Company and additional share capital of HK\$3,065,920 and share premium of HK\$61,829,504.

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2007, the following persons (other than the directors or chief executive of the Company) 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:

## DISCLOSURE OF INTERESTS *(Continued)*

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

Long positions in ordinary shares and underlying shares of the Company:

Name of shareholder	Notes	Number of shares and underlying shares held	Approximate percentage of the Company's total issued share capital %
Accord Power Limited		873,837,400	13.55
Trustcorp Limited	(a)	873,837,400	13.55
Newcorp Ltd.	(b)	873,837,400	13.55
Newcorp Holdings Ltd.	(c)	873,837,400	13.55
Mr. David Henry Christopher Hill	(d)	873,837,400	13.55
Ms. Rebecca Ann Hill	(e)	873,837,400	13.55
Mr. David William Roberts	(f)	873,837,400	13.55
Credit Suisse Group		350,734,000	5.92

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.; accordingly, Newcorp Ltd. was taken to be interested in those shares in which Trustcorp Limited was interested.
- (c) Newcorp Ltd. is a wholly-owned subsidiary of Newcorp Holdings Ltd.; accordingly, Newcorp Holdings Ltd. was taken to be interested in those shares in which Newcorp Ltd. was interested.
- (d) Mr. David Henry Christopher Hill owned 35% interest in the issued share capital of Newcorp Holdings Ltd. and was therefore taken to be interested in the shares in which Newcorp Holdings Ltd. was interested.
- (e) 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.
- (f) Mr. David William Roberts owned 35% interest in the issued share capital of Newcorp Holdings Ltd. and was therefore taken to be interested in the shares in which Newcorp Holdings Ltd. was interested.

## **DISCLOSURE OF INTERESTS** *(Continued)*

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

Save as disclosed above, as at 30 September 2007, there were no other persons (other than the directors or chief executive of the Company) who had any 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.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

In the opinion of the directors, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2007.

The Group will continue to seek to improve its management and raise its 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.

### **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 2007.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **OTHER INFORMATION** *(Continued)*

### **AUDIT COMMITTEE**

The Company has established an 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 financial statements for the six months ended 30 September 2007 of the Group. The audit committee comprises three independent non-executive directors of the Company.

By Order of the Board

**Tang Ching Ho**

*Chairman*

Hong Kong, 12 December 2007

## INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2007, together with the comparative figures for the corresponding period in 2006. These condensed consolidated financial statements were not audited, but have been reviewed by the Company's audit committee.

### CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	For the six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
REVENUE	3	296,413	298,384
Cost of sales		(232,362)	(230,087)
Gross profit		64,051	68,297
Other income and gains	4	17,323	16,822
Selling and distribution costs		(3,854)	(4,164)
Administrative expenses		(43,400)	(26,481)
Other expenses		(1,702)	(793)
Changes in fair value of financial assets at fair value through profit and loss		15,511	(3,177)
Fair value gains on revaluation of investment properties		2,382	753
Finance costs	5	(6,285)	(6,683)
Share of profits/(losses) of associates		6,266	(2,502)
PROFIT BEFORE TAX	6	50,292	42,072
Tax	7	(12,547)	(8,064)
PROFIT FOR THE PERIOD		37,745	34,008
ATTRIBUTABLE TO:			
Equity holders of the parent		37,757	34,029
Minority interests		(12)	(21)
		37,745	34,008
EARNINGS PER SHARE	8		
Basic		HK0.63 cents	HK0.69 cents
Diluted		HK0.56 cents	HK0.62 cents
DIVIDEND PER SHARE	9	HK0.16 cents	HK0.15 cents

**CONSOLIDATED BALANCE SHEET***30 September 2007*

		<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>22,816</b>	11,985
Investment properties		<b>413,676</b>	315,143
Properties under development		<b>54,459</b>	247,869
Goodwill		<b>22,489</b>	2,319
Interests in associates	11	<b>267,540</b>	321,364
Other intangible assets		<b>27,775</b>	30,300
Loans receivable		<b>13,532</b>	13,987
Rental deposits paid		<b>6,178</b>	5,343
Other deposits		<b>187,228</b>	–
Deferred tax assets		<b>1,139</b>	2,733
		<hr/>	<hr/>
Total non-current assets		<b>1,016,832</b>	951,043
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>73,409</b>	1,455
Properties under development		<b>280,577</b>	222,811
Financial assets at fair value through profit or loss		<b>72,528</b>	46,767
Trade receivables	12	<b>3,270</b>	6,596
Prepayments, deposits and other receivables		<b>102,127</b>	38,958
Pledged deposits		<b>5,230</b>	78,000
Cash and cash equivalents		<b>242,305</b>	388,584
		<hr/>	<hr/>
Total current assets		<b>779,446</b>	783,171

**CONSOLIDATED BALANCE SHEET (Continued)**

30 September 2007

	Notes	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		77,216	44,341
Deposits received and receipts in advance		38,258	81,888
Interest-bearing bank loans		288,262	389,425
Provisions for onerous contracts		–	369
Tax payable		24,830	15,876
		<hr/>	<hr/>
Total current liabilities		428,566	531,899
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		350,880	251,272
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,367,712	1,202,315
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans		212,752	108,799
Convertible notes	13	–	45,756
Deferred tax liabilities		5,871	5,454
		<hr/>	<hr/>
Total non-current liabilities		218,623	160,009
		<hr/>	<hr/>
		1,149,089	1,042,306
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to equity holders of the parent			
Issued capital	14	32,247	29,418
Equity component of convertible notes		–	5,653
Reserves		1,070,482	987,223
Proposed dividends		10,319	19,540
		<hr/>	<hr/>
Minority interests		1,113,048	1,041,834
		36,041	472
		<hr/>	<hr/>
Total equity		1,149,089	1,042,306
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Equity component											
	Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	of convertible notes (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2006	22,454	422,291	106,329	6,077	-	-	-	266,840	15,718	839,709	464	840,173
Final 2006 dividend declared	-	-	-	-	-	-	-	(126)	(15,718)	(15,844)	-	(15,844)
Conversion of convertible notes	180	3,420	-	(424)	-	-	-	-	-	3,176	-	3,176
Bonus issue	2,264	(2,264)	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	34,029	-	34,029	(21)	34,008
At 30 September 2006 & 1 October 2006	24,898	423,447	106,329	5,653	-	-	-	300,743	-	861,070	443	861,513
Interim 2007 dividend declared	-	-	-	-	-	-	-	(7,073)	-	(7,073)	-	(7,073)
Equity-settled share option arrangements	-	-	-	-	7,633	-	-	-	-	7,633	-	7,633
Conversion of convertible notes	-	402	-	-	-	-	-	-	-	402	-	402
Repurchases of shares	(1,930)	(43,087)	-	-	-	-	-	-	-	(45,017)	-	(45,017)
Placements of shares	6,450	174,150	-	-	-	-	-	-	-	180,600	-	180,600
Share issue expenses	-	(5,300)	-	-	-	-	-	-	-	(5,300)	-	(5,300)
Profit for the period	-	-	-	-	-	-	-	49,141	-	49,141	29	49,170
Exchange realignment recognized directly in equity	-	-	-	-	-	-	378	-	-	378	-	378
Proposed final 2007 dividend	-	-	-	-	-	-	-	(19,540)	19,540	-	-	-
At 31 March 2007 and 1 April 2007	29,418	549,612	106,329	5,653	7,633	-	378	323,271	19,540	1,041,834	472	1,042,306
Final 2007 dividend declared	-	-	-	-	-	-	-	-	(19,540)	(19,540)	-	(19,540)
Conversion of convertible notes	2,640	49,712	-	(5,653)	-	-	-	-	-	46,699	-	46,699
Exercise of share options	189	1,588	-	-	-	-	-	-	-	1,777	-	1,777
Issue of warrants	-	-	-	-	-	4,500	-	-	-	4,500	-	4,500
Profit for the period	-	-	-	-	-	-	-	37,757	-	37,757	(12)	37,745
Increase of minority interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	35,581	35,581
Exchange realignment recognised directly in equity	-	-	-	-	-	-	21	-	-	21	-	21
At 30 September 2007	32,247	600,912	106,329	-	7,633	4,500	399	361,028	-	1,113,048	36,041	1,149,089

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2007*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<b>(183,538)</b>	(14,869)
NET CASH INFLOW FROM INVESTING ACTIVITIES	<b>53,076</b>	18,941
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<b>(15,817)</b>	(117,033)
DECREASE IN CASH AND CASH EQUIVALENTS	<b>(146,279)</b>	(112,961)
Cash and cash equivalents at beginning of period	<b>388,584</b>	297,902
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>242,305</b>	184,941
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>88,106</b>	45,181
Non-pledged time deposits with original maturity of less than three months when acquired	<b>154,199</b>	139,760
	<b>242,305</b>	184,941

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for investment properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: disclosures <sup>1</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 <sup>2</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>3</sup>
HK(IFRIC) – INT 10	Interim financial reporting and impairment <sup>4</sup>
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 May 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2006.

<sup>4</sup> Effective for annual periods beginning on or after 1 November 2006.

<sup>5</sup> Effective for annual periods beginning on or after 1 March 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>2</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. SEGMENT INFORMATION (Continued)

2006

	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet market (Unaudited) HK\$'000	Shopping centres and car parks (Unaudited) HK\$'000	Agricultural products wholesaling markets (Unaudited) HK\$'000	Retail business (Unaudited) HK\$'000	Corporate and other (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Group</b>									
Segment revenue									
Sales to external customers	150,028	34,289	70,909	21,368	-	20,056	1,734	-	298,384
Intersegment sales	220	2,032	2,088	120	-	-	891	(5,351)	-
Other revenue	-	642	912	1,607	-	51	6,224	(1,058)	8,378
Total	150,248	36,963	73,909	23,095	-	20,107	8,849	(6,409)	306,762
Segment results	24,956	4,830	12,153	1,622	-	422	(3,286)	4,228	44,925
Unallocated expenses									(510)
Interest income									6,842
Finance costs									(6,683)
Share of losses of associates									(2,502)
Profit before tax									42,072
Tax									(8,064)
Profit for the period									34,008

No geographical segment information is presented as over 90% of the Group's turnover was derived from customers in Hong Kong during the period.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest income from:		
Investments	58	1,215
Others	7,424	5,627
Gain on disposal of financial assets at fair value through profit or loss	3,129	3,173
Dividend income from listed equity securities	57	61
Recognition of deferred gain	986	–
Others	5,669	6,746
	<u>17,323</u>	<u>16,822</u>

### 5. FINANCE COSTS

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on convertible notes	1,143	1,382
Interest on bank loans and overdrafts	5,142	5,301
	<u>6,285</u>	<u>6,683</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	3,925	2,667
Amount released from onerous contracts, net	(377)	(375)
	3,548	2,292

### 7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. The PRC corporate income tax represents tax charged on the estimated assessable profits arising in the PRC and has been provided at the rate of 15.0%.

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Group:		
Current tax charge for the period		
Hong Kong	9,941	8,011
Mainland China	595	–
Deferred	2,011	53
	12,547	8,064

Share of tax attributable to associates amounting to HK\$611,000 (2006: HK\$96,000) is included in "Share of profits/(losses) of associates" on the face of the consolidated income statement.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 8. EARNINGS PER SHARE

The basic and diluted earnings per share for the period ended 30 September 2006 has been adjusted to take into account of the effect of share subdivision of shares during the period ended 30 September 2007.

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

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Earnings for the purpose of basic earnings per share	37,757	34,029
Effect of dilutive potential ordinary shares	1,143	1,382
Earnings for the purpose of diluted earnings per share	<u>38,900</u>	<u>35,411</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,007,677,837	4,953,177,660
Effect of dilutive potential ordinary shares	913,140,647	717,766,080
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,920,818,484</u>	<u>5,670,943,740</u>

### 9. DIVIDENDS PAID AND DECLARED

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Dividend declared and paid during the six month period:		
Final dividend for 2006 of HK0.33 cents (2005: HK0.32 cents, as adjusted to reflect the Share Subdivision during the period) per share	<u>19,540</u>	<u>15,718</u>
Dividend proposed for approval:		
Interim dividend for 2007 of HK0.16 cents (2006: HK0.15 cents, as adjusted to reflect the Share Subdivision during the period) per share	<u>10,319</u>	<u>7,073</u>

At a meeting of the Board held on 12 December 2007, the directors resolved to pay an interim dividend to shareholders of HK0.16 cents (2006: HK0.15 cents).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 10. PLEDGE OF ASSETS

As at 30 September 2007, the Group's properties under development and held for sale, investment properties and certain rental income generated therefrom were pledged to secure certain of the Group's general banking facilities.

### 11. INTERESTS IN ASSOCIATES

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Share of net assets	263,095	319,474
Deferred gain	(6,143)	(7,129)
Goodwill on acquisition	9,718	9,718
	<b>266,670</b>	322,063
Due from associates	1,761	263
Due to associates	(888)	(959)
	<b>267,543</b>	321,367
Provisions for impairment	(3)	(3)
	<b>267,540</b>	321,364

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

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

Name	Business structure	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group		Principal activities
			30 September 2007	31 March 2007	
WYT*	Corporate	Bermuda/ Hong Kong	28.3	49.0	Production and sales of traditional Chinese and Western pharmaceutical, health food products and property holding

\* Listed on the Stock Exchange

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 12. TRADE RECEIVABLES

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

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Within 90 days	<b>3,079</b>	6,278
91 days to 180 days	<b>386</b>	441
Over 180 days	<b>287</b>	425
	<b>3,752</b>	7,144
Less: Provision for impairment	<b>(482)</b>	(548)
	<b>3,270</b>	6,596

The Group's businesses generally do not grant any credit to customers.

### 13. CONVERTIBLE NOTES

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Convertibles notes	<b>—</b>	45,756

In 2005, the Company issued the convertible notes with an aggregate principal amount of HK\$61,440,000 through a placing agent to several independent third parties. The convertible notes provide the holders option rights to convert the principal amount into ordinary shares of HK\$0.10 each of the Company on any business day prior to the maturity of the convertible notes at a conversion price of HK\$0.0909 per share (as adjusted after the bonus issue of the Company in prior year and Share Subdivision in current period).

In prior years, the convertible notes with principal amount of HK\$9,840,000 and HK\$3,600,000, respectively, were converted into 4,100,000 and 1,800,000 ordinary shares of the Company, respectively.

The principal amounts of the convertible notes bore interest at 1% per annum and the convertible notes were fully converted into the Company's shares during the period.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 14. SHARE CAPITAL

#### Shares

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Authorised:		
40,000,000,000 (31 March 2007: 2,000,000,000) ordinary shares of HK\$0.005 each (31 March 2007: HK\$0.10 each)	<b>200,000</b>	200,000
Issued and fully paid:		
6,449,329,640 (31 March 2007: 294,178,882) ordinary shares of HK\$0.005 each (31 March 2007: HK\$0.10 each)	<b>32,247</b>	29,418

- (a) During the period, the subscription rights attaching to 1,887,600 share options were exercised at the subscription price of HK\$0.968 per share, resulting in the issue of 1,887,600 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$1,827,000.
- (b) Pursuant to a special resolution passed by the Company's shareholders on 17 May 2007, each share of the Company of HK\$0.1 was subdivided into 20 shares of HK\$0.005 each, resulting in the number of shares of the Company at issue of 5,921,329,640 on 18 May 2007.
- (c) During the period, the holders of the convertible notes with principal amount of HK\$48,000,000 were exercised at a conversion price of HK\$0.0909 per conversion right, resulting in the issue of 528,000,000 ordinary shares in the Company.

#### Share options

Details of the Company's share option scheme are set out in the section "Share Option Scheme" of the 2007 interim report.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 15. CONTINGENT LIABILITIES

At the balance sheet date, the Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employee Ordinance, with a maximum possible amount of HK\$435,000 (31 March 2007: HK\$714,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service of the Group in order to be eligible for long service payments under the Employment Ordinance if their employment was to be terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

### 16. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

The Group leases its investment properties and 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 rent adjustments according to the then prevailing market conditions.

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

	<b>30 September</b>	31 March
	<b>2007</b>	2007
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>129,994</b>	64,937
In the second to fifth years, inclusive	<b>17,614</b>	88,835
After five years	–	12,430
	<b>147,608</b>	166,202

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 16. OPERATING LEASE ARRANGEMENTS (Continued)

#### (b) As lessee

The Group leases Chinese wet markets, shopping centres and car parks under operating lease arrangements. Leases are negotiated for terms ranging from one to nine years.

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

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Within one year	<b>73,425</b>	110,710
In the second to fifth years, inclusive	<b>80,374</b>	91,551
After five years	<b>12,430</b>	–
	<b>166,229</b>	202,261

### 17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16(b) above, the Group had the following commitments at the balance sheet date:

	<b>30 September 2007 (Unaudited) HK\$'000</b>	31 March 2007 (Audited) HK\$'000
Capital commitments contracted, but not provided for in respect of property development	<b>35,101</b>	31,693

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 18. POST BALANCE SHEET EVENTS

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

- (a) On 16 November 2007, the Group entered into a joint venture agreement with 鄭州毛莊綠園實業有限公司, a company registered in the PRC, to set up a sino-foreign co-operative joint venture company, Zhengzhou Maozhuang Hong Jin Agricultural Products Wholesale Market Company Limited ("Zhengzhou Hong Jin") in the PRC. Zhengzhou Hong Jin will be principally engaged in the development, operations and management of agricultural by-products wholesale markets and related facilities, and the sale and rental of properties in Zhengzhou, Henan Province, the PRC. The registered capital of Zhengzhou Hong Jin will be RMB140,000,000 and the Group will hold 51% of the equity interest of Zhengzhou Hong Jin.
- (b) On 23 November 2007, the Group and Jumbo Sun Investments Limited ("Jumbo Sun"), an indirectly wholly-owned subsidiary of LeRoi Holdings Limited, a company listed on the Stock Exchange, entered into an acquisition agreement with Mr. Chen Guido Ji-zhong, an independent third party. Pursuant to the agreement, the Group and Jumbo Sun will each pay RMB11,250,000 to acquire 50% of the entire issued shares in Vast Time Limited, which is wholly owned by Mr. Chen Guido Ji-zhong. Vast Time Limited is an investment holding company which holds the entire equity interest in Fuzhou Wang On Property Development Co., Ltd, which will acquire a land in Fuzhou, Jiangxi Province, the PRC, to be developed into a residential cum commercial complex.

### 19. RELATED PARTY TRANSACTIONS

In addition to the transactions set out elsewhere in the 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	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Rental income received from a director	(i)	300	300
Income from associates:	(ii)		
– Management fee		282	48
– Rental		2,261	134
Expenses paid to associates:	(ii)		
– Rental		960	885

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

### 19. RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (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\$50,000. The rentals were determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between both parties.

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

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Short term employment benefits	2,505	2,534
Post-employment benefits	42	30
	2,547	2,564

### 20. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 12 December 2007.