



Interim **2006**
Report



WANG ON GROUP LIMITED

宏安集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1222

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

AUDIT COMMITTEE

Dr. 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, JP
Dr. 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
DBS Bank (Hong Kong) Limited
Dah Sing Bank, Limited
United Commercial Bank

AUDITORS

Ernst & Young

LEGAL ADVISORS

Mallesons Stephen Jaques
Morrison & Foerster
Gallant Y.T. Ho & Co.

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

SHARE REGISTRAR IN HONG KONG

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

HOMEPAGE

<http://www.wangon.com>

STOCK CODE

1222

INTERIM DIVIDEND AND BOOK CLOSE

The Board of Directors (the “Directors”) of Wang On Group Limited (the “Company”) have resolved to declare an interim dividend of HK3.0 cents (2005: HK3.0 cents) per share for the six months ended 30 September 2006. The interim dividend will be payable on 19 January 2007 to those shareholders whose names appear on the register of members of the Company on 12 January 2007 (the “Record Date”). The register of members of the Company will be closed from 10 January 2007 to the Record Date, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration no later than 4:00 p.m. on 9 January 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company’s and its subsidiaries’ (the “Group’s”) turnover for the period ended 30 September 2006 was approximately HK\$298.4 million (2005: HK\$137.3 million), representing an increase of 117% over the corresponding period last year. This was mainly attributable to an increase in turnover in property development and property investment in light of the improved economy in Hong Kong during the period under review. Profit attributable to shareholders amounted to approximately HK\$34.0 million (2005: HK\$11.3 million), an increase of 201% over the corresponding period last year. Basic earnings per share for the period under review were HK13.74 cents, representing a 167% increase from HK5.14 cents per share for the corresponding period last year.

The performance of the Group’s businesses during the period under review and other information related to the Group are set out as follows:

Property Development

During the period under review, the construction work for both the Shatin Heights Road and Meister House projects was on schedule. The pre-sale consent for Meister House has been obtained and our sale campaign has begun.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***BUSINESS REVIEW** *(Continued)***Property Development** *(Continued)*

As at 30 September 2006, the Group's property development portfolio was as follows:

Property Name	Location	Approximate Site Area (sq. ft.)	Development Plan	Anticipated Completion
8 Shatin Heights Road	Shatin Town Lot No. 465	49,100	Low density residential area with 11 luxury houses	Early 2007
Meister House	1 Fairview Park Boulevard, Yuen Long	154,800	Low density residential and commercial area with 16 luxury houses, 6 shops and club house	Early 2007
Cheung Sha Wan	270-274 Cheung Sha Wan Road, Kowloon	4,200	24 storey residential and commercial building	Early 2008
Total		<u>208,100</u>		

Property Investment

The Group has built up a portfolio which consists mainly of retail properties with an aggregate market value of approximately HK\$285.3 million. The Group recorded total rental income of HK\$5.1 million during the period under review, representing a 34% increase over the corresponding period last year of HK\$3.8 million. This portfolio is maintained by the Group for capital appreciation and for steady income.

The Directors believe that the property market in Hong Kong has been developing at a healthy pace and demand has been seen to be gradually returning. The Group's property development and investment business progressed steadily and orderly according to plan, and the expected results were achieved for the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Management and Sub-licensing of Chinese Wet Markets

The Group is currently the largest operator of Chinese wet markets in Hong Kong, managing a portfolio totalling approximately 250,000 sq. ft. During the period under review, this business stayed in line with the trend established in 2005. Turnover reached HK\$70.9 million (2005: HK\$72.2 million), representing a slight decrease of 2% compared with the same period last year as a result of minor adjustments in the portfolio.

Given the Group's extensive expertise and experience in the management of Chinese wet markets, the Directors are optimistic that it will be in a strong position to secure more business opportunities with the Link Real Estate Investment Trust and from other business sources as well.

As announced by the Group, on 22 November, 2006, the Group signed a Formal Sale and Purchase Agreement with Shenzhen Agricultural Products Company Limited to acquire 50% of the equity interest in the registered capital of Shenzhen Jimao Market Company Limited at a consideration of RMB65.5 million. Shenzhen Jimao Market is principally engaged in the operation and management of 20 traditional wet markets in various districts in Shenzhen, the PRC, which occupy a total gross floor area of approximately 340,000 sq. ft. This acquisition represented a strategic move and a milestone in the Group's expansion into in the PRC wet market management sector.

Agricultural Products Wholesale Market

During the period, the Group actively explored the development of agricultural products wholesale distribution centres in the PRC. The PRC government has been supportive to agricultural development. To capture this opportunity, the Group on 8 December 2006 signed a joint venture agreement with Yulin Market Development Service Centre, the PRC to set up a sino-foreign co-operative joint venture company in the PRC. The joint venture company will be principally engaged in the development, operation and management of the agricultural by-products wholesaling marketplace and related facilities, and sales and rental of properties, at Yulin City of Guangxi Zhuang Autonomous Region of the PRC. The site area is about 3.3 million sq. ft. and it has a total gross floor area of about 2.3 million sq. ft. The Group will contribute approximately HK\$59 million of capital to the joint venture company and be entitled to share 65% of the profit of the joint venture.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***BUSINESS REVIEW** *(Continued)****Agricultural Products Wholesale Market*** *(Continued)*

The new investment signifies not only our enhanced involvement in the “Vegetable Basket Project”, but also a further integration of our agricultural products distribution operations, which include wholesale centres, logistic services and wet markets.

Management and Sub-licensing of Shopping Centres and Car Parks

Turnover of the management and sub-licensing of shopping centres and car parks was HK\$21.4 million (2005: HK\$41.1 million), a decrease of 48% over the same period last year. During the period, the Group closed down certain car parks and concentrate our resources on high-yielding business areas.

Investment in Pharmaceutical and Health Products Related Business

The results for our pharmaceutical and health products related business have improved during the period with a total turnover of HK\$172.5 million, representing a 6% increase over the corresponding period last year of HK\$163.4 million. Loss for the period was also reduced from HK\$34.8 million to HK\$5.3 million.

As at 30 September 2006, there were 53 retail shops and 18 concession counters in operation in Hong Kong and in the PRC respectively, selling pharmaceutical and health products under the name of “Wai Yuen Tong”. 40 out of the 53 retail shops in Hong Kong also provide consultation services by registered Chinese medical practitioners.

The Group expects that the performance of our pharmaceutical and health products related business will further improve in light of the healthy economy in both the PRC and Hong Kong.

Liquidity and Financial Resources

The Group’s liquidity position remains sound. Cash resources amounted to HK\$198.9 million as at 30 September 2006 (31 March 2006: HK\$311.9 million). The aggregate borrowings as at 30 September 2006 amounted to HK\$458.8 million (31 March 2006: HK\$557.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources *(Continued)*

The gearing ratio was 30% (31 March 2006: 29%) with equity attributable to equity holders of the Company of approximately HK\$861.1 million (31 March 2006: HK\$839.7 million).

As at 30 September 2006, the Group's investment properties, with a book value of HK\$285.3 million (31 March 2006: HK\$297.5 million), and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, HK\$104.2 million (31 March 2006: HK\$217.1 million) of which was utilized as at 30 September 2006.

The Group's capital commitment as at 30 September 2006 amounted to HK\$117.7 million (31 March 2006: HK\$239.0 million).

Management is of the opinion that existing financial resources will be sufficient for future expansion plans.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2006, the Group had 247 full time employees, around 94% 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 programmes, are also provided.

PROSPECTS

In conclusion, our business recorded encouraging results for the period under review. We will strengthen our management to facilitate our further development in every aspect of our business to maximize value for our shareholders. We will put additional resources into the exploration and development of agricultural products wholesale markets and traditional wet markets in the PRC.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 30 September 2006, the interests and short positions of the Directors and chief executive of the Company in the share capital of the Company or 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 the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest					Percentage of the Company's issued share capital
	Direct beneficially owned	Through spouse	Through controlled corporation	Other	Total	
Mr. Tang Ching Ho	810,948	810,946 (Note (a))	2,966,339 (Note (b))	49,660,970 (Note (c))	54,249,203	21.79%
Ms. Yau Yuk Yin	810,946	3,777,287 (Note (d))	–	49,660,970 (Note (e))	54,249,203	21.79%

DISCLOSURE OF INTERESTS *(Continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES** *(Continued)*

Subsequent to 30 September 2006, the Company has on various occasions repurchased a total of 13,200,000 shares on the Stock Exchange for the aggregate price of HK\$30,133,500. The long positions in ordinary shares of the Company shown above can be restated as:

Name of director	Number of shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Direct beneficially owned	Through spouse	Through controlled corporation	Other		
Mr. Tang Ching Ho	810,948	810,946 (Note (a))	2,966,339 (Note (b))	53,126,970 (Note (c))	57,715,203	24.48%
Ms. Yau Yuk Yin	810,946	3,777,287 (Note (d))	–	53,126,970 (Note (e))	57,715,203	24.48%

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 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 the Tang's Family Trust.

DISCLOSURE OF INTERESTS *(Continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES** *(Continued)*

Save as disclosed above, as at 30 September 2006, none of the Directors and chief executive had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures" above and "Share Option Scheme" below, 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.

SHARE OPTION SCHEME

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

DISCLOSURE OF INTERESTS *(Continued)***SHARE OPTION SCHEME** *(Continued)*

The following share options were outstanding under the Scheme during the period:

Name or category of participant	At 1 April 2006	Adjustment for bonus issue of the Company's shares	At 30 September 2006	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$
Employees						
In aggregate	12,588,000	1,258,800	13,846,800	*	*	*

* These represented options granted to employees with exercise prices ranging from HK\$0.968 to HK\$1.28 per share and an exercise period starting at the earliest on 7 October 2003 and ending at the latest on 11 November 2014. The exercise price of those share options granted at the price of HK\$1.28 per share had been adjusted to HK\$1.067 per share and again to HK\$0.97 per share to reflect the effect of the bonus issues of the Company's shares during the years ended 31 March 2005 and 31 March 2006 respectively.

At the balance sheet date, the Company had 13,846,800 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 13,846,800 additional ordinary shares of the Company and additional share capital of HK\$1,384,680 and share premium of HK\$12,046,716.

DISCLOSURE OF INTERESTS *(Continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

At 30 September 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions:

Name	Notes	Number of shares held	Percentage of the Company's issued share capital
Accord Power Limited		49,660,970	19.95%
Trustcorp Limited	(a)	49,660,970	19.95%
Newcorp Ltd.	(b)	49,660,970	19.95%
Newcorp Holdings Ltd.	(c)	49,660,970	19.95%
Mr. David Henry Christopher Hill	(d)	49,660,970	19.95%
Ms. Rebecca Ann Hill	(e)	49,660,970	19.95%
Mr. David William Roberts	(f)	49,660,970	19.95%

Subsequent to 30 September 2006, the Company has on various occasions repurchased a total of 13,200,000 shares on the Stock Exchange for the aggregate price of HK\$30,133,500. The long positions in ordinary shares of the Company shown above can be restated as follows:

Name	Notes	Number of shares held	Percentage of the Company's issued share capital
Accord Power Limited		53,126,970	22.53%
Trustcorp Limited	(a)	53,126,970	22.53%
Newcorp Ltd.	(b)	53,126,970	22.53%
Newcorp Holdings Ltd.	(c)	53,126,970	22.53%
Mr. David Henry Christopher Hill	(d)	53,126,970	22.53%
Ms. Rebecca Ann Hill	(e)	53,126,970	22.53%
Mr. David William Roberts	(f)	53,126,970	22.53%

DISCLOSURE OF INTERESTS *(Continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)*

Notes:

- (a) Accord Power Limited is wholly owned by Trustcorp Limited in its capacity as the trustee of the 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 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.

Save as disclosed above, as at 30 September 2006, no persons, other than the Directors or chief executive of the Company whose interests are set out in the section "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had registered an interest or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period.

The Company 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 shareholders.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. In response to specific enquiry by the Company, all Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code throughout the period under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Subsequent to 30 September 2006, the Company has on various occasions repurchased a total of 13,200,000 shares on the Stock Exchange for the aggregate price of HK\$30,133,500. The highest and lowest price per share paid for such repurchases were HK\$2.33 and HK\$2.25 respectively. Other than that, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2006.

AUDIT COMMITTEE

The Company has an audit committee which was established 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 period ended 30 September 2006 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, 21 December 2006

INTERIM RESULTS

The Directors are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006, together with the comparative figures for the corresponding period in 2005. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006

		For the six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited)
Notes		HK\$'000	HK\$'000
		(Restated)	
REVENUE	3	298,384	137,273
Cost of sales		(230,087)	(115,937)
Gross profit		68,297	21,336
Other income and gains	4	16,822	12,259
Selling and distribution costs		(4,164)	(4,083)
Administrative expenses		(26,481)	(19,970)
Other expenses		(793)	(902)
Changes in fair value of investments		(3,177)	2,609
Gain on disposal of interests in subsidiaries		–	573
Fair value gains on revaluation of investment properties		753	24,276
Finance costs	5	(6,683)	(6,444)
Share of losses of associates		(2,502)	(10,000)
PROFIT BEFORE TAX	6	42,072	19,654
Tax	7	(8,064)	(8,385)
PROFIT FOR THE PERIOD		34,008	11,269
ATTRIBUTABLE TO:			
Equity holders of the parent		34,029	11,278
Minority interests		(21)	(9)
		34,008	11,269
EARNINGS PER SHARE	8		
Basic		HK13.74 cents	HK5.14 cents
Diluted		HK12.49 cents	HK4.82 cents
DIVIDEND PER SHARE	9	HK3.0 cents	HK3.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2006

		30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		5,676	8,762
Investment properties		285,281	297,500
Properties under development		440,705	276,286
Goodwill		4,987	4,987
Interests in associates	11	311,339	313,831
Loans receivable		14,782	15,087
Rental deposits paid		7,345	5,360
Other deposits		–	10,000
Deferred tax assets		562	562
Total non-current assets		<u>1,070,677</u>	<u>932,375</u>
CURRENT ASSETS			
Properties held for sale		17,217	135,634
Properties under development		18,971	16,936
Financial assets at fair value through profit or loss		77,718	70,815
Inventories		74	65
Trade receivables	12	3,959	6,811
Prepayments, deposits and other receivables		26,921	22,802
Tax recoverable		11	13
Pledged deposits		13,932	13,971
Cash and cash equivalents		184,941	297,902
Total current assets		<u>343,744</u>	<u>564,949</u>
CURRENT LIABILITIES			
Trade payables	13	187	110
Other payables and accruals		29,648	31,734
Deposits received and receipts in advance		44,935	56,619
Interest-bearing bank loans		170,943	305,034
Provisions for onerous contracts		345	345
Tax payable		13,711	6,193
Total current liabilities		<u>259,769</u>	<u>400,035</u>
NET CURRENT ASSETS		<u>83,975</u>	<u>164,914</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,154,652</u>	<u>1,097,289</u>

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

30 September 2006

		30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
	Notes		
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		243,949	205,494
Provisions for onerous contracts		2,017	1,590
Convertible notes	14	43,948	46,860
Deferred tax liabilities		3,225	3,172
		<hr/>	<hr/>
Total non-current liabilities		293,139	257,116
		<hr/>	<hr/>
Net assets		861,513	840,173
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders			
of the parent			
Issued capital	15	24,898	22,454
Equity component of			
convertible notes	16	5,653	6,077
Reserves	16	823,446	795,460
Proposed dividends	16	7,073	15,718
		<hr/>	<hr/>
		861,070	839,709
Minority interests		443	464
		<hr/>	<hr/>
Total equity		861,513	840,173
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2006*

	For the six months ended	
	30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total equity at 1 April:	840,173	743,555
Changes in equity during the period:		
Profit for the period	34,008	11,269
Dividend declared	(15,844)	(22,454)
Exercise of share options	–	11,528
Conversion of convertible notes	3,176	41,697
	<hr/>	<hr/>
Total equity at 30 September	861,513	785,595
	<hr/>	<hr/>
Total recognised income and expense for the period attributable to:		
Equity holders of the parent	34,029	11,278
Minority interests	(21)	(9)
	<hr/>	<hr/>
	34,008	11,269
	<hr/>	<hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2006*

	Six months ended	
	30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(14,869)	12,202
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	18,941	(250,770)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(117,033)	198,631
DECREASE IN CASH AND CASH EQUIVALENTS	(112,961)	(39,937)
Cash and cash equivalents at beginning of period	297,902	304,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	184,941	265,003
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	45,181	67,216
Non-pledged time deposits with original maturity of less than three months when acquired	139,760	197,787
	184,941	265,003

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 30 September 2006***1. BASIS OF PREPARATION**

The unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("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 certain properties and financial instruments, which are measured at fair value.

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 2006.

In current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006 respectively. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising from the recently issued Accounting Standards

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

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) – INT 8	Scope of HKFRS 2 ²
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 May 2006.

³ Effective for annual periods beginning on or after 1 June 2006.

⁴ Effective for annual periods beginning on or after 1 November 2006.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3. SEGMENT INFORMATION

The Company is an investment holding company and the Group principally operates business segments as described below.

The following table presents revenue and result information for the Group's business segments for the six months ended 30 September.

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	Retail business (Unaudited) HK\$'000	Corporate and other (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Group								
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	-	644	1,196	1,733	51	12,654	(1,058)	15,220
Total	150,248	36,965	74,193	23,221	20,107	15,279	(6,409)	313,604
Segment results	24,956	4,832	12,437	1,748	422	3,144	4,228	51,767
Unallocated expenses								(510)
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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION (Continued)

2005

	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet market (Unaudited) HK\$'000	Shopping centres and car parks (Unaudited) HK\$'000	Retail business (Unaudited) HK\$'000	Corporate and other (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Group								
Segment revenue								
Sales to external customers	-	3,781	72,199	41,115	18,495	1,683	-	137,273
Intersegment sales	-	-	2,025	1,180	-	1,028	(4,233)	-
Other revenue	-	24,684	730	832	47	14,756	(1,332)	39,717
Total	-	28,465	74,954	43,127	18,542	17,467	(5,565)	176,990
Segment results	(2,339)	26,450	7,781	1,003	183	4,614	(1,403)	36,289
Unallocated expenses								(191)
Finance costs								(6,444)
Share of losses of associates								(10,000)
Profit before tax								19,654
Tax								(8,385)
Profit for the period								11,269

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	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of investment properties	–	210
Interest income from:		
Investments	1,215	120
Others	5,627	4,102
Gain on disposal of financial assets at fair value through profit or loss	3,173	920
Dividend income from listed equity securities	61	173
Recognition of deferred gain	–	2,703
Others	6,746	4,031
	<u>16,822</u>	<u>12,259</u>

5. FINANCE COSTS

	For the six months ended	
	30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes	1,382	2,353
Interest on bank loans and overdrafts	5,301	4,091
	<u>6,683</u>	<u>6,444</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	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	2,667	5,194
Amount released from onerous contracts, net	(375)	(4,646)

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group		
Current tax – Hong Kong		
Charge for the period	8,011	2,208
Underprovision in prior year	–	610
Deferred	53	5,567
Tax charge for the period	8,064	8,385

Share of tax attributable to associates amounting to HK\$96,000 (2005: nil) is included in "Share of losses of associates" on the face of the condensed consolidated income statement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the parent of HK\$34,029,000 (2005: HK\$11,278,000), and the weighted average of 247,658,883 (2005: 219,414,129 as adjusted for the bonus issue during the period) ordinary shares in issue during the period, as adjusted to reflect the bonus issue during the period.

The calculation of diluted earnings per share is based on the net profit attributable to equity holders of the parent of HK\$35,411,000, after adjustment for interest saved upon deemed conversion of all convertible notes during the period (2005: HK\$11,278,000). The weighted average number of ordinary shares used in the calculation is 247,658,883 (2005: 219,414,129 as adjusted for the bonus issue during the period) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 35,888,304 (2005: 14,414,657 as adjusted for the bonus issue during the period) ordinary shares assumed to have been issued at no consideration on deemed exercise of all the share options and conversion of all convertible notes outstanding during the period.

The basic and diluted earnings per share for the period ended 30 September 2005 has been adjusted to take into account of the effect of bonus issue of shares during the period ended 30 September 2006.

9. DIVIDEND

	For the six months ended	
	30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK3.0 cents (2005: HK3.0 cents)		
per share	7,073	6,736

At a meeting of the board of directors held on 21 December 2006, the directors resolved to pay an interim dividend to the shareholders of HK3.0 cents (2005: HK3.0 cents).

10. PLEDGE OF ASSETS

As at 30 September 2006, 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. INTERESTS IN ASSOCIATES

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Share of net assets	312,299	314,896
Deferred gain	(10,898)	(10,898)
Goodwill on acquisition	9,718	9,718
	<u>311,119</u>	<u>313,716</u>
Due from associates	258	263
Due to associates	(35)	(145)
	<u>311,342</u>	<u>313,834</u>
Provisions for impairment	(3)	(3)
	<u>311,339</u>	<u>313,831</u>

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 2006	31 March 2006	
WYTH*	Corporate	Bermuda/ Hong Kong	49.0	49.0	Production and sales of traditional Chinese and Western pharmaceutical, health food products and property holding

* Listed on The Stock Exchange of Hong Kong Limited

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***12. TRADE RECEIVABLES**

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

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within 90 days	3,158	6,478
91 days to 180 days	307	427
Over 180 days	948	542
	<hr/>	<hr/>
	4,413	7,447
Less: Provision for doubtful debts	(454)	(636)
	<hr/>	<hr/>
	3,959	6,811
	<hr/>	<hr/>

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

13. TRADE PAYABLES

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

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within 90 days	187	110
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*(Continued)***14. CONVERTIBLE NOTES**

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
2008 convertible notes	<u>43,948</u>	<u>46,860</u>

On 23 February 2005, the Company issued the 2008 convertible notes with aggregate principal amounts of HK\$61,440,000 through a placing agent to several independent third parties. The 2008 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 2008 convertible notes at a conversion price of HK\$1.818 per share (as adjusted after the bonus issue).

The principal amounts of the 2008 convertible notes bore interest at 1% per annum and the convertible notes will mature on the first day of a period of three years from the date of their issue. On 20 June 2005, the 2008 convertible notes with principal amount of HK\$9,840,000 were converted into 4,100,000 ordinary shares of the Company. Part of the convertible notes with face value of HK\$3,600,000 were converted into the Company's shares during the period.

Fair value of the liability component of the convertible note was determined, upon issuance, using the prevailing market interest rate for similar debt without a conversion option of 5.5% and is carried as a long-term liability. The remainder of the proceeds was allocated to the conversion option that is recognised and included in shareholders' equity.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. SHARE CAPITAL

Shares

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
248,978,882 (31 March 2006: 224,544,439) ordinary shares of HK\$0.10 each	<u>24,898</u>	<u>22,454</u>

Share options

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

Subsequent to 30 September 2006, the Company repurchased a total of 13,200,000 shares at average price of HK\$2.28 through the open market of the Stock Exchange of Hong Kong Limited which represented 5.83% of the issued share capital, all of which were then cancelled.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. RESERVES

	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Equity component of convertible notes (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed interim dividend (Unaudited) HK\$'000	Proposed final dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000
At 1 April 2005	372,362	106,329	10,903	221,348	-	17,846	728,788	435
Final 2005 dividend declared	-	-	-	(4,608)	-	(17,846)	(22,454)	-
Profit for the period	-	-	-	11,278	-	-	11,278	(9)
Interim 2006 dividend	-	-	-	(6,736)	6,736	-	-	-
At 30 September 2005 and 1 October 2005	372,362	106,329	10,903	221,282	6,736	-	717,612	426
Interim 2006 dividend declared	-	-	-	-	(6,736)	-	(6,736)	-
Exercise of share options	10,418	-	-	-	-	-	10,418	-
Conversion of convertible notes	43,253	-	(4,826)	-	-	-	38,427	-
Bonus issue	(3,742)	-	-	-	-	-	(3,742)	-
Profit for the period	-	-	-	61,276	-	-	61,276	38
Proposed final 2006 dividend	-	-	-	(15,718)	-	15,718	-	-
At 31 March 2006	422,291	106,329	6,077	266,840	-	15,718	817,255	464
At 1 April 2006	422,291	106,329	6,077	266,840	-	15,718	817,255	464
Final 2006 dividend declared	-	-	-	(126)	-	(15,718)	(15,844)	-
Conversion of convertible notes	3,420	-	(424)	-	-	-	2,996	-
Bonus issue	(2,264)	-	-	-	-	-	(2,264)	-
Profit for the period	-	-	-	34,029	-	-	34,029	(21)
Proposed 2007 interim dividend	-	-	-	(7,073)	7,073	-	-	-
At 30 September 2006	423,447	106,329	5,653	293,670	7,073	-	836,172	443

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. 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\$532,000 (31 March 2006: HK\$532,000). 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.

18. 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.

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

	30 September 2006 (Unaudited) HK\$'000	31 March 2006 (Audited) HK\$'000
Within one year	59,972	90,909
In the second to fifth years, inclusive	33,558	32,159
After five years	600	—
	94,130	123,068

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. 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 five years.

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

	30 September	31 March
	2006	2006
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	58,171	79,339
In the second to fifth years, inclusive	10,252	48,271
After five years	–	1,194
	68,423	128,804

19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18(b) above, the Group had the following commitments at the balance sheet date:

	30 September	31 March
	2006	2006
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Capital commitments contracted, but not provided for in respect of property development	117,662	238,989

Apart from the above, on 25 July 2006, Regal Smart Investment Limited ("Regal Smart"), an indirect wholly-owned subsidiary of the Company, entered into a legally-binded letter of intent with Shenzhen Agricultural Products Co. Ltd., an independent third party, whereby, Regal Smart agreed to, subject to fulfillment of certain conditions, acquire a 50% equity interest in Shenzhen Jimao Market Co. Ltd. for a consideration of the maximum amount of RMB65,500,000. A formal agreement with Shenzhen Agricultural Products Co. Ltd. was signed by Regal Smart subsequent to the balance sheet date, details of which are set out in note 20(b) below.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
*(Continued)***20. POST BALANCE SHEET EVENTS**

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

- (a) From 7 November 2006 to 20 November 2006, the Company repurchased a total of 13,200,000 shares at average price of HK\$2.28 through the open market of the Stock Exchange of Hong Kong Limited which represented 5.83% of the issued share capital.
- (b) On 22 November 2006, Regal Smart Investment Limited, an indirectly wholly-owned subsidiary of the Company entered into a formal sale and purchase agreement with Shenzhen Agricultural Products Co. Ltd., an independent third party, to acquire 50% of the equity interest in the registered capital of Shenzhen Jimao Market Co. Ltd. at a consideration of RMB65,500,000.
- (c) On 8 December 2006, Century Choice Limited, an indirectly wholly-owned subsidiary of the Company entered into a joint venture agreement with Yulin Market Development Service Centre, an independent third party, to set up a sino-foreign co-operative joint venture company for development, operations and management of the agricultural by-products wholesaling marketplace and related facilities, and sales and rental of properties. The total investment in the joint venture company amounts to RMB76,230,000, to which Century Choice Limited will contribute RMB59,430,000.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. RELATED PARTY TRANSACTIONS

In addition to the transactions set out elsewhere in the financial statements, the Group had the following transactions with related parties during the period:

(a) Transactions with related parties

	Notes	For the six months ended	
		30 September	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Purchase of a subsidiary and its shareholder's loan from a director	(i)	–	3,000
Rental income received from a director	(ii)	300	300
Income from associates:	(iii)		
– Management fee		48	438
– interest income		–	240
– Rental		134	–
Expenses paid to associates:	(iii)		
– Rental		885	993
		885	993

- (i) During the prior period, the Group acquired from a director of the Company, Mr. Tang Ching Ho, ("Mr. Tang") the entire interests in Hanwin Investment Limited, a company wholly and beneficially owned by Mr. Tang, at a consideration equivalent to the face value of the entire issued share capital and shareholder's loan of Hanwin Investment Limited. Prior to the completion of the agreement in respect of the acquisition of Hanwin Investment Limited from Mr. Tang, Hanwin Investment Limited had entered into agreements with independent third parties to acquire an investment property at a consideration of approximately HK\$110.0 million.
- (ii) An investment property of the Group was leased to Mr. Tang for a period of one year from 20 December 2004 at an agreed monthly rental of HK\$50,000. The lease was renewed and extended for further one year at an agreed monthly rental of HK\$50,000. The rentals were determined with reference to the prevailing market rates.
- (iii) The transactions were based on terms mutually agreed between both parties.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	For the six months ended	
	30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employment benefits	2,534	2,390
Post-employment benefits	30	36
	<u>2,564</u>	<u>2,426</u>

22. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 December 2006.