WANG ON GROUP LIMITED

宏 安 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

Stock Code: 1222

Annual Report 2007

Contents

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
DBS Bank (Hong Kong) Limited
Dah Sing Bank, Limited
China Construction Bank (Asia) Corporation Limited
United Commercial Bank

AUDITORS

Ernst & Young

LEGAL ADVISORS

Mallesons Stephen Jaques
Kirkpatrick & Lockhart Preston Gates Ellis Solicitors
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 IN HONG KONG

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Kowloon
Hong Kong

SHARE REGISTRAR IN HONG KONG

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Tesbury Centre
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Wanchai
Hong Kong

HOMEPAGE

http://www.wangon.com

STOCK CODE

1222

This past year has been marked by great achievements and continued progress in every segment of the business of Wang On Group Limited (the "Company") and its subsidiaries (collectively the "Group"). Our management team is proud to be part of an organization that has produced another year of record-setting results, achieving net asset value of over HK$1 billion as well as record net profit of approximately HK$83.2 million. Revenue for the year reached approximately HK$499.5 million, which represent an increase of HK$104 million, approximately 26.3% over the prior year.

After years of exploration and negotiation, the Group has started to expand its business scope from the management of Chinese wet markets in Hong Kong to the development and management of agricultural by-product wholesale markets and Chinese wet markets in the PRC. Also, the Group entered into the agricultural by-product wholesale markets in Hong Kong in April 2007.

As of today, the Group's agricultural by-products marketplace management business covers the following four locations in Eastern Coastal and Southern areas of the PRC:

- Yulin Agricultural by-products Wholesale Market in Guangxi Province
- Xuzhou Agricultural by-products Wholesale Market in Jiangsu Province
- Changzhou Agricultural by-products Wholesale Market in Jiangsu Province
- Dongguan Senox Agricultural by-products Wholesale Market in Guangdong Province

The Group anticipates that the development, operation and management of the agricultural by-product wholesale markets will become one of the core businesses of the Group in the coming years. The Group will enlarge its agricultural by-product wholesale markets network in the PRC in order to establish a nationwide wholesale platform and expects this to make a significant contribution to the earnings of the Group.

The Group continues to be one of the leading Chinese wet markets operators in Hong Kong. The Group is now managing and operating 13 Chinese wet markets in Hong Kong, including two markets the managing right of which were granted by the Link Real Estate Investment Trust in May 2007. Leveraging the knowledge and experience gained from managing Chinese wet markets in Hong Kong, the Group has undertaken more wet markets investment in the PRC by the acquisition of 50% equity interest in Shenzhen Jimao Market, within which 20 traditional Chinese wet markets are currently operating in an area extending to over 340,000 square feet and with over 1,500 stalls. The Group believes that the successes and the lessons learned in the past years put us in a unique position of being able to expand our market leadership so as to secure more business opportunities with other market owners.

The Hong Kong property market has become stable in 2007 with moderate upward pressure on property prices as buyer's confidence is positively impacted by stable lending rates and an optimistic outlook for Hong Kong's economy. Our property development and investment activities are progressing well and on schedule, with all development and expansion initiatives being effectively planned and managed.

Having regard to the recent improvement in the Hong Kong economy and property market, the Group realized satisfied profit during the year by the disposal of properties which were previously acquired at relatively low prices, such as the sites situated at Davis Street and Cheung Sha Wan Road.

Satisfactory progress was achieved in the construction work for the Shatin Heights project. Also, 9 villas of Meister House at Yuen Long went offered for pre-sale in December 2006 and have been sold. Sale efforts for the remaining 7 villas will be launched shortly.

Taking advantage of the increasing public awareness of personal healthcare and market growth of the Chinese and Western pharmaceutical and health food products, the Group is optimistic on the future growth prospects of the pharmaceutical sector. The Group believes that our investment in Wai Yuen Tong Medicine Holdings Limited ("WYTH") will bring satisfactory returns to the Group by improving the quality of its products and strengthening the retail and wholesale network in Hong Kong and the PRC.

I would like to take this opportunity to express my appreciation for the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

Tang Ching Ho
Chairman

Hong Kong, 18 July 2007

RESULTS

The Group's turnover and net profit attributable to shareholders for the year amounted to approximately HK$499.5 million (2006: HK$395.6 million) and approximately HK$83.2 million (2006: HK$72.6 million) respectively.

DIVIDEND

The board of directors (the "Board" or "Directors") has recommended the payment of a final dividend of HK0.33 cents (2006: HK0.32 cents) (as adjusted for the share subdivision after the balance sheet date) per ordinary share for the year ended 31 March 2007 to shareholders on the register of members of the Company as of 30 August 2007. The final dividend will be paid on or before 7 September 2007, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 30 August 2007. Together with the interim dividend of HK0.15 cents (2006: HK0.13 cents) (as adjusted for the share subdivision after the balance sheet date) per ordinary share distributed in January 2007, this represents a total dividend of HK0.48 cents per ordinary share (2006: HK0.45 cents) for the year.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Thursday, 30 August 2007, both days inclusive, during which no transfer of shares will be registered. To qualify for the proposed final dividend, all shareholders are required to lodge their transfers with the Company's branch share registrars in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 28 August 2007.

BUSINESS REVIEW

Following the achievement of historical high net profit last year, the Group surpassed that achievement by posting a new record high net profit of approximately HK$83.2 million for the year ended 31 March 2007, and recorded net assets of over HK$1 billion as at 31 March 2007, the highest level since its listing in 1995.

For the year ended 31 March 2007, the Group's turnover was approximately HK$499.5 million (2006: approximately HK$395.6 million), representing an increase of approximately 26.3% over the previous year. Such increase of turnover was mainly due to the increase in Group turnover in property development in light of the improved economy in Hong Kong during the year under review.

Agricultural Products Wholesale Market

During the year under review, 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 formed a joint venture company in Yulin, the PRC, in December 2006 for the development, operation and management of the agricultural by-products wholesaling marketplace and related facilities at Yulin, the PRC, and the related sale and rental of properties. The site area is about 3.3 million square feet and the facilities are, when completed, expected to have a total gross floor area of about 2.3 million square feet. Up to date, the Group contributed approximately HK$59 million of capital to the joint venture company and is entitled to share 65% of the profit of the joint venture company. The site has been acquired by the joint venture company in June 2007 and the construction work will commence soon.

In January 2007, the Group entered into an agreement to acquire a 51% equity interest in an existing agricultural distribution centre in Xuzhou for approximately RMB35.7 million. The site has an area of approximately 2 million square feet and the centre has about 250 tenants doing wholesale business in this market. This market has been in operation since 1997.

In March 2007, the Group entered into an agreement to form another joint venture company for the development of agricultural by-products wholesaling market in Changzhou, the PRC. The entire site occupies an area of approximately 0.6 million square feet. The Group contributed US$8 million of capital to the joint venture company and is entitled to share 40% of the profit of the joint venture company. The land was acquired in June 2007 and the construction work will commence in the last quarter of 2007.

In July 2007, the Group entered into a conditional agreement for the acquisition of 20% equity interest in an agricultural products distribution centre in Dongguan, the PRC, for a consideration of approximately HK$73 million. This distribution centre is principally engaged in the investment and management and provision of logistics services to owners and tenants of an agricultural products distribution centre situated in Dongguan, the PRC. The site area is over 600 mu (approximately 4.3 million square feet) on which the distribution centre is located and is being developed under two phases into a total gross floor area of approximately 4.2 million square feet. The first phase of the project has been completed and the second phase of the project is expected to be completed by the end of 2007.

Other than the various investments in the PRC during the year, in Hong Kong the Group was successful in securing the management contract for the operation and management of North District Temporary Wholesale Market for Agricultural Products at Fanling in March 2007. This is one of the 3 principal wholesale marketplaces for the trading of agricultural products in Hong Kong. This wholesale market will not only provide a steady income but also growth potential to the Group upon the introduction and implementation of state-of-art management systems.

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 Chinese wet markets in Hong Kong and the PRC.

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 an area of over 250,000 square feet in 13 Chinese wet markets. During the year under review, this business performed in line with the trend established in 2005. Turnover reached HK$144 million (2006: HK$143 million), representing a slight increase of approximately 0.7% compared with the previous year as a result of minor tenant mix change 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 markets owned by the Link Real Estate Investment Trust and from other business sources.

In November 2006, the Group acquired 50% equity interest in the registered capital of a agricultural products market in Shenzhen, the PRC at a consideration of RMB65.5 million. The market is principally engaged in the operation and management of 20 traditional Chinese wet markets with a total of 1,700 stalls in various districts in Shenzhen, the PRC and occupied a total gross floor area of approximately 340,000 square feet. This acquisition represented a major strategic move and a milestone of the Group's presence in the PRC Chinese wet market.

The Group will continue to look for new markets with great potential both in Hong Kong and the PRC. We plan to use our management's professionalism and experience in developing and promoting modern Chinese wet markets so as to maximize our investment returns.

Property Development

For the year under review, the construction work for both the Shatin Heights and Meister House projects have been substantially completed and the respective occupation permits have been issued. In December 2006, 9 villas with sales value of nearly HK$200 million out of a total of 16 villas at the Meister House project were pre-sold and completion is expected to take place by the end of September 2007. The remaining 7 villas will be offered for sale later this year.

As at June 2007, 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 villas	Last quarter of 2007
Meister House	1 Fairview Park Boulevard, Yuen Long	154,800	Low density residential and commercial area with 16 luxury villas, 6 shops and club house	9/2007
	Total	203,900		

Given the notable improvement in the local employment climate and robust retail trade, as well as a boost in consumer spending, the Directors expect that the Hong Kong property market will benefit from the improved economy. The Group is currently locating suitable sites both in Hong Kong and the PRC for the replenishment of land rescuer which can accommodate its development plans and generate handsome returns to the Group for the next year.

Property Investment

As at 31 March 2007, the Group maintained an investment property portfolio with a net book value of approximately HK$315.1 million (2006: approximately HK$297.5 million), providing an annual gross rental income of approximately HK$10.6 million, representing a 12.8% increase over the HK$9.4 million recorded last year. This portfolio is maintained by the Group for capital appreciation and for steady income.

The Group will continue to look for suitable retail shops for the long term growth of the Group's investment property portfolio. The Directors believe that this strategy can on the one hand provide stable income to the Group and, on the other hand, benefit from capital appreciation in the years to come.

Management and Sub-licensing of Shopping Centres and Car Parks

During the year under review, turnover of the management and sub-licensing of shopping centres and car parks was substantially reduced to HK$27.3 million (2006: HK$79.0 million), a decrease of 65% over last year. During the year, the Group scaled down the operation of car parks and it continues to be the Group's strategy to re-allocate its resources in order to focus on other business areas with potential for higher returns.

Investment in Pharmaceutical and Health Products Related Business

The results of our pharmaceutical and health products related business improved during the year with a total turnover of HK$381.3 million, representing a 17.4% increase over the HK$324.8 million recorded last year. Profit for the year amounted to HK$9.9 million compared with a loss of HK$106.2 million in the previous year.

As at the date of this annual report, there were 55 retail shops and 25 concession counters in operation in Hong Kong and the PRC respectively, selling pharmaceutical and health products under the name of "Wai Yuen Tong". In addition, 45 out of the 55 retail shops in Hong Kong provide consultant 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 and the increasing awareness of personal health.

FUND RAISING

With a view to enlarging the Company's shareholder base and strengthening the financial position of the Company, the Company issued a total of 64,500,000 new shares of HK$0.10 each at the issue price of HK$2.8 per share, for cash, in March 2007. Part of the total net proceeds of approximately HK$175.3 million from the placing have been, and the balance is intended to be, used for financing the development and management of agricultural by-products wholesaling business and the expansion and development of Chinese wet market business of the Group both in Hong Kong and the PRC and other potential investment opportunities.

Subsequent to the year end, unlisted warrants to subscribe for 200 million shares of the Company at an initial subscription price of HK$0.45 per share were issued in May 2007 at a total warrants issue price of HK$4.5 million. The net proceeds of approximately HK$4 million will be utilized by the Group as general working capital. In the event that all the subscription rights attaching to the warrants are exercised at the initial subscription price of HK$0.45 per share, the Company will raise additional capital of approximately HK$90 million, which is also intended to be used for financing the development and management of agricultural by-products wholesaling and Chinese wet market businesses of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the Group had cash resources and short term investments of HK$513.4 million (2006: HK$382.7 million). The aggregate borrowings as at 31 March 2007 amounted to HK$544.0 million (2006: HK$557.4 million).

The gearing ratio was 7.4% (2006: 29.2%), calculate with reference to the Group's total borrowing's net of cash and cash equivalents and equity attributable to equity holders of the Company of approximately HK$77.4 million and HK$1,041.8 million respectively.

As at 31 March 2007, the Group's investment properties, with a carrying amount of HK$252.2 million (2006: HK$297.5 million), and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, HK$89.4 million (2006: HK$217.1 million) of which was utilized as at 31 March 2007.

The Group's capital commitment as at 31 March 2007 amounted to approximately HK$31.7 million (2006: approximately HK$239 million).

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had 231 full time employees, around 96% 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

In conclusion, our business recorded encouraging results for the year 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 believe that a well-developed, operated and managed marketplace provides the type of qualify guarantee for the agricultural by-products sold, which the public in the PRC, with their increasing awareness of food hygiene and demand for quality food demands. Also, in view of the large population and the explosion in consumer spend power in the PRC and the indications that each typical Chinese family will spend one third of their disposable household income on food and beverages, we are particularly optimistic of the PRC agricultural by-products wholesale markets and traditional Chinese wet markets and will put additional resources into the exploration and development of such markets in future.

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, aged 45, is a co-founder of the Group (which was established in 1987), and the Chairman of the Company. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the Chairman of WYTH.

Ms. Yau Yuk Yin, aged 45, is a co-founder of the Group and Deputy Chairman of the Company. She is responsible for the overall human resources and administration of the Group. She has over 10 years' experience in human resources and administration management. She is the wife of Mr. Tang Ching Ho.

Mr. Chan Chun Hong, Thomas, aged 43, joined the Group in 1997 as Director and is the Managing Director of the Company. He is currently responsible for managing the overall operations of the Group. He graduated from the Hong Kong Polytechnic University with a degree in Accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants. He is also the managing director of WYTH and LeRoi Holdings Limited and an independent non-executive director of Shanghai Prime Machinery Company Limited.

Independent Non-executive Directors

Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP, aged 67, joined the Group in November 1993 as an independent non-executive Director of the Company. Dr. Lee is a deputy of Hong Kong SAR, the 9th and 10th National People's Congress, the PRC and has taken an active role in public service.

Mr. Wong Chun, Justein, MBE, JP, aged 53, joined the Group in November 1993 as an independent non-executive Director of the Company. He holds a bachelor's degree in Commerce and Computing Science from Simon Fraser University, Canada. He is a fellow of Institute of Canadian Bankers. He was a member of the Fight Crime Committee, the Independent Police Complaints Council and is currently a member of the Legal Aid Services Council, Energy Advisory Committee, Chairman of Quality Education Fund Assessment and Monitoring Committee and other government advisory bodies.

Mr. Siu Yim Kwan, Sidney, S.B.St.J., aged 60, joined the Group in November 1993 as an independent non-executive Director of the Company. He is also an executive member of a number of charitable organisations and sports associations and an independent non-executive director of B.A.L. Holdings Limited.

Mr. Siu Kam Chau, aged 42, joined the Group in September 2004 as an independent non-executive Director of the Company. He is a Certified Public Account (Practising) and a fellow of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He is also an executive director of Hong Kong Health Check and Laboratory Holdings Company Limited, a listed company in Hong Kong.

SENIOR MANAGEMENT

Mr. Cheung Wai Kai is the General Manager of the Group and the head of the Group's Chinese wet markets management department. He joined the Group in July 1998. He had more than 11 years' experience in general management and 10 years specializing in the market management.

Mr. Kwok Tze Chiu, Samson is the Assistant General Manager of the Group and responsible for quantity surveying and cost control of the Group's project management department. Prior to joining the Group in September 1997, he had over 21 years' experience in the building industry. He graduated from the Hong Kong Polytechnic University with a higher certificate in Building Studies.

Mr. Leong Weng Kin is the Financial Controller of the Group. He is the qualified accountant of the Company. He holds a Master degree in Business Administration from the Chinese University of Hong Kong. Prior to joining the Group, he had over 10 years' experience in key financial position in a Hong Kong listed Group and more than four years working experience in an international firm of Certified Public Accountants.

Mr. Wong Yiu Hung, Gary is the General Manager of the Group's property department. He has over 25 years' experience in properties development, leasing, sales and marketing. Prior to joining the Group in February 2004, he held various senior positions in several local property development companies, including a renowned listed property developer in Hong Kong.

Mr. Ying Yat Man, Clement is the General Manager of the Group and the head of the Group's agricultural wholesale markets management department. He joined the Group in January 2007. Prior to joining the Group, he had over 23 years experience in real estate development and general business management in Hong Kong and the PRC working in both the private and public sectors. He is a professional qualified real estate surveyor. He holds a Bachelor degree in Laws from the University of London and a Master degree in Chinese Laws from the University of Hong Kong.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

In light of the requirements set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which came into effect for the accounting periods commencing on or after 1 January 2005, the Board has reviewed the corporate governance practices of the Company following the adoption and improvement of the various procedures and documentation, which are detailed in this corporate governance report. The Company has applied the principles of and complied with the applicable code provisions of the CG Code throughout the year ended 31 March 2007.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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 code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

To comply with code provision A.5.4 of the CG Code, the Company has in September 2005 the Model Code also adopted for securities transactions by certain employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

THE BOARD

The Board currently comprises seven Directors and its composition is set out as follows:

Executive Directors

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

Independent Non-executive Directors ("INEDs")

Dr. Lee Peng Fei, Allen
Mr. Wong Chun, Justein
Mr. Siu Yim Kwan, Sidney
Mr. Siu Kam Chau

The brief biographical details of the Directors are set out on page 10 of this Annual Report.

The Company has four INEDs representing more than one-third of the Board. The Board possesses a balance of skill and experience which are appropriate for the requirements of the business of the Company. The opinions raised by the INEDs of the Company in the Board meetings facilitate the maintenance of good corporate governance practices. At least one INED has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10 (1) and (2) of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

All INEDs are free from any business or other relationship with the Company. The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the four INEDs to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Regular Board meetings are held at least four times a year to approve annual and interim results, and to review the business operation and the internal control system of the Group. The meeting schedule will be fixed at the beginning of each year. Apart from these regular meetings, Board meetings are also held to approve major issues. At least 14 days' notice of each regular meeting is given to all directors. Agendas and accompanying Board papers are sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the same. Draft minutes of Board meetings and Board committee meetings are circulated to Directors for their review and comment while final version of the said minutes, when duly signed, are sent to all members of the Board for their records. All said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

Board member	Attendance
Executive Directors:	
Mr. Tang Ching Ho *(Chairman)*	4/4
Ms. Yau Yuk Yin *(Deputy Chairman)*	4/4
Mr. Chan Chun Hong, Thomas *(Managing Director)*	4/4
INEDs:	
Dr. Lee Peng Fei, Allen	4/4
Mr. Wong Chun, Justein	4/4
Mr. Siu Yim Kwan, Sidney	4/4
Mr. Siu Kam Chau	4/4

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate to reinforce their respective independence and accountability. The Chairman of the Company is Mr. Tang Ching Ho who is primarily responsible for the leadership of the Board, while the functions of a CEO are performed by the Managing Director, Mr. Chan Chun Hong, Thomas, who is also an Executive Director of the Company. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in September 2005.

BOARD COMMITTEE

The Board has established various committees, including the Remuneration Committee, Audit Committee and Nomination Committee, each of which has the specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all committee members. Each committee is required to report to the Board on its decision and recommendations where appropriate.

REMUNERATION COMMITTEE

The Remuneration Committee was established in September 2005 in order to comply with code provision B.1.1 of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy, if considered necessary.

It currently consists of seven members, including Mr. Wong Chun, Justein (Chairman), Dr. Lee Peng Fei, Allen, Mr. Siu Yim Kwan, Sidney, Mr. Siu Kam Chau, Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, a majority of whom are INEDs.

The Remuneration Committee meets at least once a year. One committee meeting was held during the financial year to review the remuneration packages of all Directors and senior management and the attendance of each member is set out as follows:

Committee member	Attendance
Mr. Wong Chun, Justein *(Chairman)*	1/1
Dr. Lee Peng Fei, Allen	1/1
Mr. Siu Yim Kwan, Sidney	1/1
Mr. Siu Kam Chau	0/1
Mr. Tang Ching Ho	1/1
Ms. Yau Yuk Yin	1/1
Mr. Chan Chun Hong, Thomas	1/1

The remuneration payable to Directors will depend on their respective contractual terms under their employment contracts or service contracts and the same was reviewed by the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements.

AUDIT COMMITTEE

The role of Audit Committee was established in December 1999 in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting, internal controls and to make relevant recommendations to the Board. The Audit Committee comprises three INEDs, namely, Mr. Siu Yim Kwan, Sidney (Chairman), Mr. Wong Chun, Justein and Mr. Siu Kam Chau.

The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee meets at least twice a year. Two committee meetings were held during the year and the attendance of each member is set out as follows:

Committee member	**Attendance**
Mr. Siu Yim Kwan, Sidney *(Chairman)*	2/2
Mr. Wong Chun, Justein	2/2
Mr. Siu Kam Chau	2/2

During the year under review, the Audit Committee reviewed the financial statements for the period ended 30 September 2006 and the year ended 31 March 2007.

NOMINATION COMMITTEE

The Nomination Committee was established in September 2005 in order to comply with code provision A.4.4 of the CG Code. It currently consists of seven members, including Dr. Lee Peng Fei, Allen (Chairman), Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney, Mr. Siu Kam Chau, Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, a majority of whom are INEDs.

The Nomination Committee has adopted a written nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee will based on the criteria in the procedure (such as appropriate experience, personal skills and time commitment etc) identify and recommend proposed candidates to the Board.

During the year, the Nomination Committee did not hold any meeting for the nomination of Directors.

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors, Ernst & Young, for the year ended 31 March 2007, are set out as follows:

Services rendered for the Group	**Fees paid to Ernst & Young** *HK$'000*
Audit services	
– annual financial statements	1,900
Non-audit services	
– high-level review of interim financial statements	83
– taxation and professional services	105
– other professional services	5
Total	2,093

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control systems to safeguard the Company's assets and shareholders' interests, as well as for reviewing the effectiveness of these systems.

During the year under review, the Company had conducted a high-level risk assessment and found that the Company has established high level controls of the strategic management, core business and resource management processes and risk management function that addressed those identified risk parameters.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company also acknowledges that general meeting are valuable forums for the Board to communicate directly with shareholders and members of the Board and committees are encouraged to attend and answer questions at the general meetings.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

Details of poll voting procedures and the rights of shareholders to demand a poll are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the general meeting and posted on the website of the Stock Exchange.

To promote effective communication, the Company maintains websites at www.wangon.com, where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The Directors of the Company acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on page 25 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries and associate are set out in notes 18 and 19 to the financial statements, respectively. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 27 to 107.

The Board recommends the payment of a final dividend of HK0.33 cents (2006: HK0.32 cents) per ordinary share for the year ended 31 March 2007 to shareholders on the register of members of the Company on 30 August 2007. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet. Together with the interim dividend of HK0.15 cents (2006: HK0.13 cents) per ordinary share distributed in January 2007, this represents a total dividend of HK0.48 cents (2006: HK0.45 cents) per ordinary share for the year. The interim and comparative dividends per share amounts have been adjusted to reflect the bonus issue during the year and/or the subdivision of the Company's shares after the balance sheet date, as appropriate.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 110. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Detail of movements in the property, plant and equipment of the Company and the Group and the investment properties and properties under development of the Group during the year are set out in notes 14, 15 and 16 to the financial statements respectively. Further details of the Group's investment properties and properties under development are set out on pages 108 and 109.

CONVERTIBLE NOTES, SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's convertible notes, share capital and share options during the year, together with the reasons therefor, are set out in notes 32, 34 and 35 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, the Company has on various occasions repurchased its own shares as follows:

Month of repurchase	Number of ordinary shares with nominal amount of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid, but exclude expenses
		HK$	*HK$*	*HK$*
November 2006	13,200,000	2.33	2.25	30,241,000
January 2007	4,900,000	2.42	2.38	11,747,000
February 2007	1,200,000	2.53	2.51	3,029,000

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, redeemed or sold the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2007, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$333,442,000 (2006: HK$229,109,000), of which HK$19,540,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$549,612,000 (2006: HK$422,291,000), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the total sales for both of the current and prior years. In the year under review, purchases from the Group's five largest suppliers accounted for 43% (2006: 83%) of the total purchases for the year and purchases from the largest supplier included therein amount to 19% (2006: 40%) of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and five largest suppliers.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors:
Mr. Tang Ching Ho
Ms. Yau Yuk Yin
Mr. Chan Chun Hong, Thomas

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

In accordance with clause 87 of the Company's bye-laws, Ms. Yau Yuk Yin, Dr. Lee Peng Fei, Allen and Mr. Siu Kam Chau will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 10 to 11 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 42 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 March 2007, the interests of the Directors in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest					
Name of director	**Directly beneficially owned**	**Through spouse**	**Through controlled corporation**	**Other**	**Total**	**Percentage of the Company's issued share capital**
Mr. Tang Ching Ho	810,948	810,946 *(Note (a))*	2,966,339 *(Note (b))*	53,126,970 *(Note (c))*	57,715,203	19.62
Ms. Yau Yuk Yin	810,946	3,777,287 *(Note (d))*	–	53,126,970 *(Note (e))*	57,715,203	19.62

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 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.

Save as disclosed above, as at 31 March 2007, none of the Directors had registered an interest in the shares, 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 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares, underlying shares and debentures of the Company and its associated corporations" above and "share option scheme" below and in the share option scheme disclosures in note 35 to the financial statements, at no time during the year 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 to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 35 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2007, 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 of 5% or more of 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		53,126,970	18.06
Trustcorp Limited	*(a)*	53,126,970	18.06
Newcorp Ltd.	*(b)*	53,126,970	18.06
Newcorp Holdings Ltd.	*(c)*	53,126,970	18.06
Mr. David Henry Christopher Hill	*(d)*	53,126,970	18.06
Ms. Rebecca Ann Hill	*(e)*	53,126,970	18.06
Mr. David William Roberts	*(f)*	53,126,970	18.06

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 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 a 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 a 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 31 March 2007, no persons, other than the Directors of the Company, whose interests are set out in the section "Directors' interests in shares, underlying shares and debentures of the Company and it associated corporations" 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

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 12 to 17 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

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 audited financial statements for the year ended 31 March 2007 of the Group. The audit committee comprises three INEDs of the Company.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 41 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

By Order of the Board

Tang Ching Ho
Chairman

18 July 2007

ERNST & YOUNG
安永會計師事務所

To the shareholders of
Wang On Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Wang On Group Limited set out on pages 27 to 107, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

18/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong
18 July 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	5	**499,488**	395,557
Cost of sales		**(380,491)**	(313,501)
Gross profit		**118,997**	82,056
Other income and gains	5	**37,639**	27,357
Selling and distribution costs		**(12,536)**	(8,202)
Administrative expenses		**(70,684)**	(53,789)
Other expenses		**(1,806)**	(12,817)
Finance costs	7	**(13,828)**	(15,252)
Gain on disposal of subsidiaries	37(c)	**2,524**	1,221
Fair value gains on revaluation of investment properties	15	**31,548**	1,822
Excess over the cost of acquisition of an additional interest in an associate		**–**	99,268
Share of profits and losses of associates		**4,578**	(39,601)
PROFIT BEFORE TAX	6	**96,432**	82,063
Tax	10	**(13,254)**	(9,480)
PROFIT FOR THE YEAR		**83,178**	72,583
Attributable to:			
Equity holders of the parent	11	**83,170**	72,554
Minority interests		**8**	29
		83,178	72,583
DIVIDENDS	12		
Additional final dividend for 2006		**126**	4,608
Interim		**7,073**	6,736
Proposed final		**19,540**	15,718
		26,739	27,062
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		**HK1.76 cents**	HK1.56 cents
Diluted		**HK1.58 cents**	HK1.49 cents

Consolidated Balance Sheet

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**11,985**	8,762
Investment properties	15	**315,143**	297,500
Properties under development	16	**247,869**	276,286
Goodwill	17	**2,319**	4,987
Interests in associates	19	**321,364**	313,831
Other intangible asset	23	**30,300**	–
Loans receivable	26	**13,987**	15,087
Rental deposits paid		**5,343**	5,360
Other deposits		**–**	10,000
Deferred tax assets	33	**2,733**	562
Total non-current assets		**951,043**	932,375
CURRENT ASSETS			
Properties held for sale	24	**1,455**	135,634
Properties under development	16	**222,811**	16,936
Financial assets at fair value through profit or loss	21	**46,767**	70,815
Inventories		**–**	65
Trade receivables	25	**6,596**	6,811
Prepayments, deposits and other receivables	26	**38,958**	22,802
Tax recoverable		**–**	13
Pledged deposits	27	**78,000**	13,971
Cash and cash equivalents	27	**388,584**	297,902
Total current assets		**783,171**	564,949
CURRENT LIABILITIES			
Trade payables	28	**–**	110
Other payables and accruals	29	**44,341**	31,734
Deposits received and receipts in advance		**81,888**	56,619
Interest-bearing bank loans	30	**389,425**	305,034
Provisions for onerous contracts	31	**369**	345
Tax payable		**15,876**	6,193
Total current liabilities		**531,899**	400,035
NET CURRENT ASSETS		**251,272**	164,914
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,202,315**	1,097,289

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	*30*	**108,799**	205,494
Provisions for onerous contracts	*31*	**–**	1,590
Convertible notes	*32*	**45,756**	46,860
Deferred tax liabilities	*33*	**5,454**	3,172
Total non-current liabilities		**160,009**	257,116
Net assets		**1,042,306**	840,173
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*34*	**29,418**	22,454
Equity component of convertible notes	*32*	**5,653**	6,077
Reserves		**987,223**	795,460
Proposed final dividend	*12*	**19,540**	15,718
		1,041,834	839,709
Minority interests		**472**	464
Total equity		**1,042,306**	840,173

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2007

		Attributable to equity holders of the parent										
		Issued share capital	Share premium account	Contributed surplus	Equity component of convertible notes	Share option reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005		14,332	372,362	106,329	10,903	–	–	221,348	17,846	743,120	435	743,555
Final 2005 dividend declared		–	–	–	–	–	–	(4,608)	(17,846)	(22,454)	–	(22,454)
Exercise of share options	*34*	1,110	10,418	–	–	–	–	–	–	11,528	–	11,528
Conversion of convertible notes	*32, 34*	3,270	43,253	–	(4,826)	–	–	–	–	41,697	–	41,697
Bonus issue	*34*	3,742	(3,742)	–	–	–	–	–	–	–	–	–
Profit for the year		–	–	–	–	–	–	72,554	–	72,554	29	72,583
Total income and expenses for the year		–	–	–	–	–	–	72,554	–	72,554	29	72,583
Interim 2006 dividend	*12*	–	–	–	–	–	–	(6,736)	–	(6,736)	–	(6,736)
Proposed final 2006 dividend	*12*	–	–	–	–	–	–	(15,718)	15,718	–	–	–
At 31 March and 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	*32, 34*	180	3,822	–	(424)	–	–	–	–	3,578	–	3,578
Bonus issue	*34*	2,264	(2,264)	–	–	–	–	–	–	–	–	–
Repurchases of shares	*34*	(1,930)	(43,087)	–	–	–	–	–	–	(45,017)	–	(45,017)
Placements of shares	*34*	6,450	174,150	–	–	–	–	–	–	180,600	–	180,600
Share issue expenses	*34*	–	(5,300)	–	–	–	–	–	–	(5,300)	–	(5,300)
Equity-settled share option arrangements	*35*	–	–	–	–	7,633	–	–	–	7,633	–	7,633
Exchange realignment recognised directly in equity		–	–	–	–	–	378	–	–	378	–	378
Profit for the year		–	–	–	–	–	–	83,170	–	83,170	8	83,178
Total income and expenses for the year		–	–	–	–	–	378	83,170	–	83,548	8	83,556
Interim 2007 dividend	*12*	–	–	–	–	–	–	(7,073)	–	(7,073)	–	(7,073)
Proposed final 2007 dividend	*12*	–	–	–	–	–	–	(19,540)	19,540	–	–	–
At 31 March 2007		**29,418**	**549,612***	**106,329***	**5,653**	**7,633***	**378***	**323,271***	**19,540**	**1,041,834**	**472**	**1,042,306**

* These reserve accounts comprise the consolidated reserves of HK$987,223,000 (2006: HK$795,460,000) in the consolidated balance sheet.

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**96,432**	82,063
Adjustments for:			
Finance costs	7	**13,828**	15,252
Share of profits and losses of associates		**(4,578)**	39,601
Fair value gains, net:			
Financial assets at fair value through profit of loss	5	**(489)**	(2,346)
Convertible notes due from an associate	5	**–**	(1,070)
Gain on redemption of convertible notes due from an associate	5	**–**	(2,460)
Interest income from investments	5	**(2,436)**	(2,258)
Bank interest income	5	**(7,116)**	(5,365)
Dividend income from listed securities	5	**(267)**	(647)
Gain on disposal of subsidiaries	37(c)	**(2,524)**	(1,221)
Recognition of deferred gain	5	**(3,769)**	(3,794)
Gain on disposal of financial assets at fair value through profit or loss, net	5	**(4,120)**	(3,421)
(Gain)/loss on disposal of investment properties	5	**(8,000)**	241
Excess over the cost of acquisition of an additional interest in an associate		**–**	(99,268)
Provision for impairment of trade receivables	6	**467**	462
Depreciation	6, 14	**5,158**	10,055
Gain on disposal of property, plant and equipment	6	**(163)**	(8)
Property, plant and equipment written off	6	**–**	8,278
Fair value gains on revaluation of investment properties	15	**(31,548)**	(1,822)
Equity-settled share option expense	35	**7,633**	–
		58,508	32,272
Decrease in trade receivables, prepayments, deposits and other receivables		**25,075**	4,853
Decrease in inventories		**55**	5
Decrease/(increase) in properties held for sale		**129,189**	(17,512)
Increase in properties under development		**(166,638)**	(172,491)
Increase in trade payables, other payables and accruals		**9,362**	15,292
Increase/(decrease) in deposits received and receipts in advance		**(2,091)**	14,149
Decrease in provisions for onerous contracts	6, 31	**(1,566)**	(6,234)
Cash generated from/(used in) operations		**51,894**	(129,666)
Hong Kong profits tax paid		**(3,896)**	(3,115)
Net cash inflow/(outflow) from operating activities		**47,998**	(132,781)

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**7,907**	4,637
Dividend income from listed securities		**267**	647
Interest income from investments		**2,436**	2,258
Decrease in amounts due from associates		**–**	202
Increase in amounts due to associates		**814**	111
Acquisition of subsidiaries	37(b)	**–**	(3,000)
Net outflow of cash and cash equivalents in respect of the acquisition of a jointly-controlled entity	20	**(64,560)**	–
Acquisition of additional shares in an associate		**–**	(87,672)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	37(c)	**16,830**	17,240
Increase in other deposits		**–**	(10,000)
Purchases of investment properties		**(18,642)**	(110,668)
Purchases of property, plant and equipment		**(3,949)**	(1,518)
Proceeds from disposal of investment properties		**93,600**	33,667
Proceeds from disposal of property, plant and equipment		**1,052**	72
Proceeds from disposal of an available-for-sale investment		**–**	7,751
Proceeds from disposal of financial assets at fair value through profit or loss		**80,213**	104,547
Addition to other intangible asset		**(30,300)**	–
Settlement of convertible notes due from an associate		**–**	16,000
Purchases of financial assets at fair value through profit or loss		**(51,556)**	(75,807)
Increase in pledged deposits		**(64,029)**	(6,248)
Net cash outflow from investing activities		**(29,917)**	(107,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(22,174)**	(16,774)
Dividends paid		**(22,917)**	(29,190)
Proceeds from issue of shares	34	**–**	11,528
Proceeds from placements of shares upon exercise of share options	34	**180,600**	–
Share issue expenses	34	**(5,300)**	–
Repurchases of shares	34	**(45,017)**	–
Repayment of bank loans		**(385,804)**	(170,920)
New bank loans		**373,500**	438,880
Net cash inflow from financing activities		**72,888**	233,524

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**90,969**	(7,038)
Cash and cash equivalents at beginning of year		**297,902**	304,940
Effect of foreign exchange rate changes, net		**(287)**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**388,584**	297,902
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**135,757**	67,454
Non-pledged time deposits with original maturity of less than three months when acquired	27	**252,827**	230,448
		388,584	297,902

Balance Sheet

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**–**	–
Interests in subsidiaries	18	**710,622**	599,127
Interests in associates	19	**192**	219
Total non-current assets		**710,814**	599,346
CURRENT ASSETS			
Financial assets at fair value through profit or loss	21	**36,927**	58,385
Available-for-sale investments	22	**–**	–
Prepayments, deposits and other receivables	26	**758**	3,584
Pledged deposits	27	**78,000**	13,971
Cash and cash equivalents	27	**312,484**	240,524
Total current assets		**428,169**	316,464
CURRENT LIABILITIES			
Other payables and accruals	29	**739**	1,539
Interest-bearing bank loans	30	**137,000**	152,230
Total current liabilities		**137,739**	153,769
NET CURRENT ASSETS		**290,430**	162,695
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,001,244**	762,041
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	30	**29,750**	35,250
Convertible notes	32	**45,756**	46,860
Total non-current liabilities		**75,506**	82,110
Net assets		**925,738**	679,931
EQUITY			
Issued capital	34	**29,418**	22,454
Equity component of convertible notes	32	**5,653**	6,077
Reserves	36(b)	**890,667**	651,400
Total equity		**925,738**	679,931

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

1. CORPORATE INFORMATION

Wang On Group Limited is a limited liability company incorporated in Bermuda, and both its head office and principal place of business is located at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Group was engaged in the following principal activities:

- property development
- property investment
- management and sub-licensing of Chinese wet markets, shopping centres and car parks
- retailing of pork
- wholesaling of agricultural products

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*

The principal changes in accounting policies are as follows:

HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as at fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 1 Amendment	Capital Disclosures
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard sets out requirements for disclosure of information about the Group's operating segments and also about the Group's products and services, the geographical areas in which it operates, and its major customers.

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Deferred gain represents the unrealised profit resulting from downstream transactions with an associate eliminated to the extent of the Group's interest in that associate. Deferred gain is recognised in the consolidated balance sheet as part of the Group's interests in associates.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Joint ventures *(Cont'd)*

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and neither has joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entity

A joint-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in its jointly-controlled entity is accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entity's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. When the profit sharing ratio is different to the Group's equity interest in the jointly-controlled entity, the Group's share of its assets, liabilities, income and expenses is determined based on the agreed profit sharing ratio.

Gain or loss arising from assets contributed or sold by the Group to its jointly-controlled entity is recognised in the consolidated income statement to the extent that such gain or loss is attributable to the interests of other venturers when significant risks and rewards of ownership of the assets have been passed to the jointly-controlled entity and the assets are retained by the jointly-controlled entity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and a jointly-controlled entity represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 April 2004

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations *(Cont'd)*

Goodwill previously eliminated against consolidated reserves

Prior to the adoption the HKICPA's Statement of Standard Accounting Practice "Business Combinations" ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated reserves in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for associates is included in the Group's share of the associates' profit or loss in the period in which the investments are acquired.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of non-financial assets other than goodwill *(Cont'd)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Marketplace operating right

Purchased marketplace operating right is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	15%-33% or over the lease term
Plant and machinery	15%-50%
Furniture, fixtures and office equipment	15%-50%
Motor vehicles	20%
Computer equipment	15%-33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investment properties *(Cont'd)*

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Properties under development

Properties under development represent properties developed for sale and are stated at the lower of cost and net realisable value. Cost comprises prepaid land lease payments together with borrowing costs, professional fees and any other direct costs attributable to the development of the properties incurred during the development period.

Properties under development which have been pre-sold and/or are expected to be completed within 12 months from the balance sheet date are classified as current assets.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on investments held for trading or these financial assets are recognised in the income statement.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

Financial assets at fair value through profit or loss (Cont'd)

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted investments that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of financial assets *(Cont'd)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of cash management of the Group and its jointly-controlled entity.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for onerous contracts

Onerous contracts represent lease contracts for certain Hong Kong properties and projects where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. Provisions for onerous contracts are recognised based on the difference between the rental payments receivable by the Group and those unavoidable rental payments payable by the Group under the contracts, together with any compensation or penalties arising from the failure to fulfill the contracts, discounted to their present value as appropriate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a jointly-controlled entity, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a jointly-controlled entity, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax *(Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and its jointly-controlled entity and when the revenue can be measured reliably, on the following bases:

(a) rental and sub-licensing fee income, on a time proportion basis over the lease terms;

(b) from the provision of management services, when the services are rendered;

(c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(d) from the sale of properties, when the sale agreement becomes unconditional;

(e) from the provision of project management and agency services, when the services are rendered;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(g) on the trading of securities, on the date when the transaction takes place; and

(h) dividend income, where the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

Share-based payment transactions

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. Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee benefits (Cont'd)

Share-based payment transactions (Cont'd)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by shareholders in a general meeting. When these dividends have been approved by shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because bye-law 140 of the Company's bye-laws grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group and each jointly-controlled entity determine their own functional currencies and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies *(Cont'd)*

The functional currencies of certain overseas subsidiaries and the jointly-controlled entity are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries and the jointly-controlled entity are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and the jointly-controlled entity which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES *(Cont'd)*

Estimation uncertainty *(Cont'd)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2007 was HK$12,037,000 (2006: HK$14,705,000). More details are given in note 17.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

The carrying amount of investment properties at 31 March 2007 was HK$315,143,000 (2006: HK$297,500,000) (note 15).

Impairment of properties under development

The Group assessed the recoverable amount of each property under development based on its value in use or net selling price, depending on the anticipated future plans for the property. Estimating the value in use of an asset involves estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to these future cash flows.

The carrying amount of properties under development at 31 March 2007 was HK$470,680,000 (2006: HK$293,222,000) *(note 16)*.

4. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the property development segment engages in the development of properties;

(b) the property investment segment invests in industrial and commercial premises and residential units for rental income;

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

(d) the shopping centres and car parks segment engages in the management and sub-licensing of shopping centres and car parks;

(e) the retail business segment engages in the retailing of pork;

(f) the agricultural products wholesaling markets segment engages in the operations and management of an agricultural products wholesaling marketplace; and

(g) the corporate and others segment comprises the Group's management service business. This segment also includes corporate income and expense items.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION *(Cont'd)*

Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

Group

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural products wholesaling markets		Unallocated corporate and others		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*
Segment revenue:																
Sales to external customers	**242,242**	–	**42,090**	131,608	**144,048**	142,989	**27,262**	79,037	**-**	–	**43,846**	41,923	**-**	–	**499,488**	395,557
Intersegment sales	**-**	–	**2,772**	4,802	**4,091**	4,080	**791**	1,535	**-**	–	**1,854**	7,433	**(9,508)**	(17,850)	**-**	–
Other revenue	**7**	180	**39,945**	2,526	**2,616**	1,215	**1,038**	1,359	**379**	–	**18,773**	16,398	**(1,975)**	–	**60,783**	21,678
Total	**242,249**	180	**84,807**	138,936	**150,755**	148,284	**29,091**	81,931	**379**	–	**64,473**	65,754	**(11,483)**	(17,850)	**560,271**	417,235
Segment results	**28,205**	(8,973)	**48,472**	25,225	**31,028**	18,255	**3,688**	3,286	**(9,309)**	–	**7,334**	4,615	**2,089**	(7,603)	**111,507**	34,805
Unallocated expenses															**(16,753)**	(5,879)
Excess over the cost of acquisition of an additional interest in an associate															**-**	99,268
Interest income															**10,928**	8,722
Finance costs															**(13,828)**	(15,252)
Share of profits and losses of associates															**4,578**	(39,601)
Profit before tax															**96,432**	82,063
Tax															**(13,254)**	(9,480)
Profit for the year															**83,178**	72,583

4. SEGMENT INFORMATION *(Cont'd)*

Business segments *(Cont'd)*

Group

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural products wholesaling markets		Unallocated corporate and others		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities																
Segment assets	**575,474**	413,613	**394,268**	422,286	**108,870**	78,678	**52,488**	39,703	**54,028**	–	**2,103,447**	1,894,635	**(1,878,458)**	(1,665,997)	**1,410,117**	1,182,918
Interests in associates															**321,364**	313,831
Deferred tax assets															**2,733**	562
Tax recoverable															**-**	13
Total assets															**1,734,214**	1,497,324
Segment liabilities	**317,630**	255,864	**222,581**	274,746	**131,183**	69,715	**17,649**	31,465	**68,651**	–	**1,247,362**	1,124,605	**(1,878,458)**	(1,665,997)	**126,598**	90,398
Interest-bearing bank loans															**498,224**	510,528
Tax payable															**15,876**	6,193
Convertible notes															**45,756**	46,860
Deferred tax liabilities															**5,454**	3,172
Total liabilities															**691,908**	657,151
Other segment information:																
Depreciation	**4**	2	**12**	12	**3,693**	5,697	**491**	1,697	**6**	–	**952**	2,647	**-**	–	**5,158**	10,055
Other non-cash expenses	**-**	–	**-**	–	**316**	462	**-**	–	**-**	–	**151**	7,730	**-**	–	**467**	8,192
Capital expenditure	**177,488**	204,868	**18,642**	114,568	**67,443**	522	**17**	133	**464**	–	**1,348**	851	**-**	–	**265,402**	320,942

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the turnover of the Group and its jointly-controlled entity, represents sub-licensing and management fee income received and receivable; the invoiced value of goods sold, after allowances for returns and trade discounts; the invoiced value of services rendered; the gross rental income received and receivable from investment properties and proceeds from the sale of properties during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sub-licensing fee income	**155,084**	204,702
Management fee income	**16,228**	17,767
Sale of goods	**40,092**	38,439
Rendering of services	**3,752**	3,482
Gross rental income	**10,603**	9,378
Sale of properties	**273,729**	121,789
	499,488	395,557
Other income		
Bank interest income	**7,116**	5,365
Interest income from investments	**2,436**	2,258
Interest income from loans receivable	**1,376**	1,095
Dividend income from listed securities	**267**	647
Others	**5,597**	5,142
	16,792	14,507
Gains		
Gain on redemption of convertible notes due from an associate	**–**	2,460
Gain on disposal of financial assets at fair value through profit or loss, net	**4,120**	3,421
Fair value gains, net:		
Financial assets at fair value through profit or loss	**489**	2,346
Convertible notes due from an associate	**–**	1,070
Exchange gains, net	**4,306**	–
Recognition of deferred gain	**3,769**	3,794
Gain on disposal of property, plant and equipment	**163**	–
Gain/(loss) on disposal of investment properties	**8,000**	(241)
	20,847	12,850
Other income and gains	**37,639**	27,357

6. PROFIT BEFORE TAX

The profit before tax of the Group and its jointly-controlled entity is arrived at after charging/(crediting):

		Group	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Auditors' remuneration		**1,900**	1,150
Cost of inventories sold		**24,522**	23,535
Cost of services provided		**139,231**	196,248
Cost of properties sold		**218,304**	99,952
Depreciation	*14*	**5,158**	10,055
Gain on disposal of property, plant and equipment		**(163)**	(8)
(Gain)/Loss on disposal of investment properties		**(8,000)**	241
Gain on disposal of financial assets at fair value through profit or loss, net		**(4,120)**	(3,421)
Interest Income		**(10,928)**	(8,718)
Property, plant and equipment written off		**–**	8,278
Minimum lease payments under operating leases for land and buildings		**94,697**	133,116
Provision for impairment of trade receivables		**467**	462
Employee benefits expense (including directors' remuneration – note 8):			
Wages and salaries		**53,907**	59,031
Pension scheme contributions		**1,642**	1,974
Equity-settled share option expense	*35*	**7,633**	–
		63,182	61,005
Amount released for onerous contracts	*31*	**(1,566)**	(6,234)
Net rental income		**(10,480)**	(9,182)

7. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on convertible notes *(note 32)*	**2,966**	3,948
Interest on bank loans and overdrafts	**21,682**	17,966
Total interest	**24,648**	21,914
Less: Interest capitalised	**(10,820)**	(6,662)
	13,828	15,252

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Fees	**845**	771
Other emoluments for executive directors:		
Salaries and allowances and benefits in kind	**9,499**	10,409
Performance related bonuses*	**1,413**	–
Pension scheme contributions	**81**	36
	10,993	10,445
	11,838	11,216

* Certain executive directors of the Company are entitled to bonus payments which are based on the performance of the Group.

8. DIRECTORS' REMUNERATION (Cont'd)

Executive Directors and Independent Non-executive Directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2007					
Executive Directors:					
Mr. Tang Ching Ho	**–**	**3,894**	**324**	**12**	**4,230**
Ms. Yau Yuk Yin	**–**	**4,029**	**232**	**12**	**4,273**
Mr. Chan Chun Hong, Thomas	**–**	**1,576**	**857**	**57**	**2,490**
	–	**9,499**	**1,413**	**81**	**10,993**
Independent Non-executive Directors:					
Dr. Lee Pang Fei, Allen, CBE, BS, FHKIE, JP	**313**	**–**	**–**	**–**	**313**
Mr. Wong Chun, Justein, MBE, JP	**240**	**–**	**–**	**–**	**240**
Mr. Siu Yim Kwan, Sidney, S.B.St.J.	**140**	**–**	**–**	**–**	**140**
Mr. Siu Kam Chau	**152**	**–**	**–**	**–**	**152**
	845	**–**	**–**	**–**	**845**
	845	**9,499**	**1,413**	**81**	**11,838**
2006					
Executive Directors:					
Mr. Tang Ching Ho	–	4,083	–	12	4,095
Ms. Yau Yuk Yin	–	4,015	–	12	4,027
Mr. Chan Chun Hong, Thomas	–	2,311	–	12	2,323
	–	10,409	–	36	10,445
Independent Non-executive Directors:					
Dr. Lee Pang Fei, Allen, CBE, BS, FHKIE, JP	297	–	–	–	297
Mr. Wong Chun, Justein, MBE, JP	217	–	–	–	217
Mr. Siu Yim Kwan, Sidney, S.B.St.J.	140	–	–	–	140
Mr. Siu Kam Chau	117	–	–	–	117
	771	–	–	–	771
	771	10,409	–	36	11,216

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2006: three) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining two (2006: two) non-director, highest paid employees for the year are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Salaries and allowances	**3,043**	2,616
Performance related bonuses	**224**	560
Employee share option benefits	**898**	–
Pension scheme contributions	**24**	24
	4,189	3,200

During the year, the non-director, highest paid employees were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 35 to the financial statements. The fair value of such options which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above remuneration disclosures.

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2007	2006
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	–
	2	2

10. 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 year.

Under the relevant PRC Income Tax Law and the respective regulations, the corporate income tax for the jointly-controlled entity is calculated at the rate of 15%, on its estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**15,249**	6,736
Underprovision/(overprovision) in prior years	**(2,243)**	30
Current – Mainland China		
Charge for the year	**137**	–
Deferred *(note 33)*	**111**	2,714
Total tax charge for the year	**13,254**	9,480

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

Group

	2007		2006	
	HK$'000	%	*HK$'000*	%
Profit before tax	**96,432**		**82,063**	
Tax at the statutory tax rate	**16,847**	17.5	**14,361**	17.5
Adjustments in respect of current tax of previous periods	**(2,243)**	(2.3)	**30**	–
Profits and losses attributable to associates	**(801)**	(0.8)	**6,930**	8.4
Income not subject to tax	**(5,005)**	(5.2)	**(22,447)**	(27.4)
Expenses not deductible for tax	**2,973**	3.1	**9,505**	11.6
Tax losses utilised from previous periods	**(2,605)**	(2.7)	**(3,982)**	(4.8)
Tax losses not recognised	**5,367**	5.5	**5,083**	6.2
Others	**(1,279)**	(1.3)	**–**	–
Tax charge at the Group's effective rate	**13,254**	13.8	**9,480**	11.5

The share of tax attributable to associates amounting to HK$361,000 (2006: HK$438,000), is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

11. NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 March 2007 includes a profit of HK$5,605,000 (2006: HK$5,398,000) which has been dealt with in the financial statements of the Company (note 36(b)).

12. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Additional final dividend for 2006	**126**	4,608
Interim – HK0.15 cents (2006: HK0.13 cents) per ordinary share	**7,073**	6,736
Proposed final – HK0.33 cents (2006: HK0.32 cents) per ordinary share	**19,540**	15,718
	26,739	27,062

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The above dividends per ordinary share amounts have been adjusted to reflect the bonus issue during the year and the subdivision of the Company's shares after the balance sheet date (note 41(a)).

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK$83,170,000 (2006: HK$72,554,000), and the weighted average of 4,728,929,500 (2006: 4,663,374,364) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year and the share subdivision after the balance sheet date.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent for the year of HK$83,170,000 (2006: HK$72,554,000) after adjustment for interest saved upon deemed exercise of all convertible notes during the year of HK$2,966,000 (2006: Nil). The weighted average number of ordinary shares used in the calculation is the 4,728,929,500 (2006: 4,663,374,364) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 718,476,800 (2006: 209,028,160) ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, as adjusted for the bonus issue during the year and the share subdivision after the balance sheet date (note 41(a)).

The comparative amounts have been adjusted to reflect the bonus issue during the year and the subdivision of the Company's shares after the balance sheet date (note 41(a)).

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
31 March 2007						
At 31 March 2006 and at 1 April 2006:						
Cost	47,300	5,532	49,563	742	2,651	105,788
Accumulated depreciation	(41,366)	(4,422)	(48,912)	(631)	(1,695)	(97,026)
Net carrying amount	5,934	1,110	651	111	956	8,762
At 1 April 2006, net of accumulated depreciation	5,934	1,110	651	111	956	8,762
Additions	2,097	21	340	1,244	247	3,949
Acquisition of a jointly-controlled entity	4,906	–	345	193	–	5,444
Disposals and write-off	(38)	(762)	(51)	(38)	–	(889)
Disposals of subsidiaries	(56)	(5)	(119)	–	–	(180)
Depreciation provided during the year	(3,571)	(349)	(542)	(143)	(553)	(5,158)
Exchange realignment	49	–	5	3	–	57
At 31 March 2007, net of accumulated depreciation	9,321	15	629	1,370	650	11,985
At 31 March 2007:						
Cost	48,415	364	32,811	1,658	2,891	86,139
Accumulated depreciation	(39,094)	(349)	(32,182)	(288)	(2,241)	(74,154)
Net carrying amount	9,321	15	629	1,370	650	11,985

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group *(Cont'd)*

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
31 March 2006						
At 31 March 2005 and at 1 April 2006:						
Cost	55,227	5,524	49,797	852	2,364	113,764
Accumulated depreciation	(35,453)	(3,213)	(47,636)	(542)	(1,279)	(88,123)
Net carrying amount	19,774	2,311	2,161	310	1,085	25,641
At 1 April 2005, net of accumulated depreciation	19,774	2,311	2,161	310	1,085	25,641
Additions	710	63	307	–	438	1,518
Disposals and write-off	(7,773)	(8)	(497)	(54)	(10)	(8,342)
Depreciation provided during the year	(6,777)	(1,256)	(1,320)	(145)	(557)	(10,055)
At 31 March 2006, net of accumulated depreciation	5,934	1,110	651	111	956	8,762
At 31 March 2006:						
Cost	47,300	5,532	49,563	742	2,651	105,788
Accumulated depreciation	(41,366)	(4,422)	(48,912)	(631)	(1,695)	(97,026)
Net carrying amount	5,934	1,110	651	111	956	8,762

14. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Company

	Furniture, fixtures and office equipment *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
31 March 2007			
At 1 April 2006, net of accumulated depreciation	–	–	–
Depreciation provided during the year	–	–	–
At 31 March 2007, net of accumulated depreciation	–	–	–
At 31 March 2007:			
Cost	15	66	81
Accumulated depreciation	(15)	(66)	(81)
Net carrying amount	–	–	–
31 March 2006			
At 1 April 2005, net of accumulated depreciation	2	–	2
Depreciation provided during the year	(2)	–	(2)
At 31 March 2006, net of accumulated depreciation	–	–	–
At 31 March 2006:			
Cost	15	66	81
Accumulated depreciation	(15)	(66)	(81)
Net carrying amount	–	–	–

15. INVESTMENT PROPERTIES

Group

	2007	2006
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**297,500**	219,550
Additions	**18,642**	114,568
Acquisition of a jointly-controlled entity	**62,593**	–
Disposals	**(85,600)**	(33,908)
Disposal of subsidiaries *(note 37(c))*	**(10,200)**	(20,500)
Transfer from properties under development *(note 16)*	**–**	15,968
Net profit from a fair value adjustment	**31,548**	1,822
Exchange realignment	**660**	–
Carrying amount at end of year	**315,143**	297,500

The Group's investment properties with a carrying amount of HK$252,550,000 (2006: HK$297,500,000) are situated in Hong Kong and are held under medium term leases. The investment properties held by the jointly-controlled entity are situated in Mainland China and are held under medium term leases.

The investment properties of the Group and its jointly-controlled entity were revalued on 31 March 2007 by Savills Valuation and Professional Services Limited, a firm of independent professionally qualified valuers, on an open market, existing use basis. The investment properties are leased to a director of the Company and third parties under operating leases, further details of which are included in notes 39 and 42 to the financial statements.

At 31 March 2007, the Group's investment properties with an aggregate value of HK$252,240,000 (2006: HK$297,500,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, of which approximately HK$89,424,000 (2006: HK$217,148,000) had been utilised as at 31 March 2007 (note 30).

Further particulars of the Group's investment properties are included on page 108.

16. PROPERTIES UNDER DEVELOPMENT

Group

	2007 *HK$'000*	2006 *HK$'000*
At beginning of year	**293,222**	221,456
Additions	**177,458**	194,856
Transfer to investment properties *(note 15)*	**–**	(15,968)
Transfer to properties held for sale *(note 24)*	**–**	(107,122)
At end of year	**470,680**	293,222
Less: Portion classified as current assets	**(222,811)**	(16,936)
Long term portion	**247,869**	276,286

At 31 March 2007, the Group's properties under development with an aggregate value of HK$449,670,000 (2006: HK$257,989,000) were pledged to secure the Group's general banking facilities, of which approximately HK$242,050,000 (2006: HK$132,050,000) had been utilised as at 31 March 2007 (note 30).

Further particulars of the Group's properties under development are included on page 109.

17. GOODWILL

Group

	Goodwill arising on acquisition of subsidiaries *HK$'000*	**Goodwill arising on acquisition of a jointly-controlled entity** *HK$'000*	**Total** *HK$'000*	**Goodwill arising on acquisition of associates** *(Note 19)* *HK$'000*
Cost and net carrying amount at:				
At 1 April 2005 and 31 March 2006	4,987	–	4,987	9,718
Arising on acquisition of an interest in a jointly-controlled entity *(note 20)*	–	1,376	1,376	–
Disposal of subsidiaries *(note 37(c))*	(4,044)	–	(4,044)	–
At 31 March 2007	943	1,376	2,319	9,718

17. GOODWILL (Cont'd)

The Group applied the transitional provisions of SSAP 30 that permitted goodwill and negative goodwill in respect of acquisitions which occurred prior to the adoption of the standard, to remain eliminated against consolidated reserves or credited to the capital reserve, respectively.

The amounts of goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, were HK$21,775,000 as at 31 March 2007.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Property development cash-generating unit;
- Retail of pork cash-generating unit;
- A jointly-controlled entity – Shenzhen traditional wet markets cash-generating unit; and
- Associates – pharmaceutical products cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Property development		Retail of pork		Associates – pharmaceutical products		A jointly-controlled entity – Shenzhen traditional wet markets		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amount of goodwill	**943**	943	**–**	4,044	**9,718**	9,718	**1,376**	–	**12,037**	14,705

Property development cash-generating unit

The recoverable amount of the property development cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 6% (2006: 6%).

Retail of pork cash-generating unit

The recoverable amount of the retail of pork cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections was 8.6% in 2006.

17. GOODWILL *(Cont'd)*

Impairment testing of goodwill *(Cont'd)*

A jointly-controlled entity – Shenzhen traditional wet markets cash-generating unit

The recoverable amount of the Shenzhen traditional wet markets cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets conversing a 5-year period approved by senior management. The discount rate applied to cash flow projections is 5%, which is before tax and reflects specific risk relating to the relevant unit.

Associates – pharmaceutical products cash-generating unit

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to cash flow projections ranging from 11% to 15% (2006: 12% to 14%) and cash flows beyond the five-year period are extrapolated using a zero growth rate (2006: zero), which do not exceed the estimated long term average growth rates of the relevant markets.

Management has determined the budgeted gross margins based on past performance and its expectation for market development. The discount rates used are before tax and reflect specific risks relating to the relevant units.

18. INTERESTS IN SUBSIDIARIES

	Company 2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	**71,000**	71,000
Due from subsidiaries – *note (i)*	**1,039,744**	914,116
Loans to subsidiaries – *note (ii)*	**80,481**	139,115
Due to subsidiaries – *note (i)*	**(190,412)**	(105,655)
Capital contribution in respect of employee share-based compensation	**7,633**	–
	1,008,446	1,018,576
Impairment	**(297,824)**	(419,449)
	710,622	599,127

Notes:

(i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

(ii) The amounts are unsecured and have no fixed terms of repayment. Except for loans to subsidiaries amounting to HK$15,878,000 and HK$48,657,000 which bear interest at 3% and 1.5% over the best lending rate per annum offered by banks, respectively, the balances are interest-free. The carrying amounts of the loans to subsidiaries approximate to their fair values.

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

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Antic Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Buildstart Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Champford Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment

18. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Charter Golden Design & Contracting Limited	Hong Kong	Ordinary HK$2	–	100	Property development
China Coin Management Limited	Hong Kong	Ordinary HK$1,000	–	100	Property investment
Conway Consultants Limited	Hong Kong	Ordinary HK$1,400,000 Non-voting preference *(Note 2)* HK$600,000	–	70	Provision of medical consultation services
Denox Management Limited	Hong Kong	Ordinary HK$2	–	100	Management and sub-letting of properties
Dragon Richly Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Easy Kingdom Limited	Hong Kong	Ordinary HK$2	–	100	Property investment
Extra Power Limited	Hong Kong	Ordinary HK$1	–	100	Money lending
Faithful World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Full Gainer Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Fulling Limited	Hong Kong	Ordinary HK$100	–	100	Money lending and securities investment

18. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Goodtech Management Limited	Hong Kong	Ordinary HK$2,800,100	–	100	Management of shopping centres
Hanwin Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Info World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Join China Investment Limited	Hong Kong	Ordinary HK$2	–	100	Investment holding
Kartix Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
King Channel Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Lead Fortune Limited	Hong Kong	Ordinary HK$1,000	–	100	Property investment
Lica Parking Company Limited	Hong Kong	Ordinary HK$25,500,000	–	99	Management and sub-licensing of car parks
Longable Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Majorluck Limited	Hong Kong	Ordinary HK$10,000	–	100	Management and sub-licensing of Chinese wet markets
New Shiny Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment

18. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Poly Talent Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Profit Million Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property development
Richly Gold Limited	Hong Kong	Ordinary HK$2	–	100	Property investment
Rich Time Strategy Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Shiny World Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Smart First Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Suitbest Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100	Investment holding
Ventix Investment Limited	Hong Kong	Ordinary HK$1	–	100	Property investment
Wang On Commercial Management Limited	British Virgin Islands/ Hong Kong	Ordinary US$2	–	100	Investment holding
Wang On Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	–	Investment holding

18. INTERESTS IN SUBSIDIARIES *(Cont'd)*

Name	Place of incorporation/ operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Wang On Majorluck Limited	Hong Kong	Ordinary HK$1,000	–	100	Management and sub-licensing of Chinese wet markets
Wang On Shopping Centre Management Limited	Hong Kong	Ordinary HK$2	–	100	Management and sub-licensing of shopping centres
WEH Investments Limited	Hong Kong	Ordinary HK$477 Non-voting deferred *(Note 3)* HK$1,262,523	–	100	Property investment
Willing Dental Consultants Limited	Hong Kong	Ordinary HK$100	–	100	Provision of dental consultation services

Notes:

(1) The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

(2) The non-voting preference shares carry no voting rights but the holders have the right to receive an annual cash dividend equivalent to 30% of the audited net profit after tax. On the winding-up of the company, the holders rank in priority to the ordinary shareholders provided that the assets of the Company available for distribution to its members shall be applied first towards arrears or accruals of the dividends.

(3) The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of the company, the holders of non-voting deferred shares have a right to repayment in proportion to the amounts of all paid-up ordinary and deferred shares after the first HK$1,000,000,000,000 thereof has been distributed among the holders of the ordinary shares.

19. INTERESTS IN ASSOCIATES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets	**319,474**	314,896	**–**	–
Deferred gain	**(7,129)**	(10,898)	**–**	–
Goodwill on acquisition – *note 17*	**9,718**	9,718	**–**	–
	322,063	313,716	**–**	–
Due from associates – *note (i)*	**263**	263	**219**	219
Due to associates – *note (i)*	**(959)**	(145)	**(27)**	–
	321,367	313,834	**192**	219
Provision for impairment	**(3)**	(3)	**–**	–
	321,364	313,831	**192**	219
Market value of listed shares at 31 March – *note (ii)*	**212,105**	171,052	**N/A**	N/A

Notes:

(i) The amounts are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

(ii) The market value of the listed shares of an associate, Wai Yuen Tong Medicine Holdings Limited ("WYTH"), held by the Group was approximately HK$318,157,000 at the date of approval of these financial statements.

19. INTERESTS IN ASSOCIATES *(Cont'd)*

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

Name	Particulars of issued shares held	Place of incorporation/ operations	Percentage of ownership interest attributable to the Group		Principal activities
			2007	2006	
WYTH* *(Note 2)*	Ordinary shares of HK$0.10 each	Hong Kong	**49**	49	Production and sale of traditional Chinese and Western pharmaceutical health food products and property holding

Notes:

(1) The above table lists the associate of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

(2) The financial statements of WYTH and its subsidiaries were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

* Listed on The Stock Exchange of Hong Kong Limited

The following table illustrates the summarised financial information of the Group's associates:

	2007	2006
	HK$'000	*HK$'000*
Assets	**792,911**	835,983
Liabilities	**(135,213)**	(189,192)
Revenue	**381,266**	324,756
Profit/(loss) attributable to equity holders of the parent	**9,895**	(98,370)

20. INTEREST IN A JOINTLY-CONTROLLED ENTITY

Particulars of the jointly-controlled entity are as follows:

Name	Paid-up registered capital	Place of registration	Percentage of Ownership interest	Voting power	Profit sharing	Principal activities
Shenzhen Jimao Market Co., Limited	RMB31,225,000	PRC	50	50	50	Operations and management of traditional wet markets in Shenzhen, the PRC

The amounts of the assets, liabilities, revenue and expenses of the Group's jointly-controlled entity attributable to the Group are as follows:

	2007	2006
	HK$'000	*HK$'000*
Non-current assets	**68,649**	–
Current assets	**2,098**	–
Current liabilities	**(5,485)**	–
Net assets	**65,262**	–
Total revenue	**3,476**	–
Total expenses	**(2,462)**	–
Profit for the year	**1,014**	–

On 22 November 2006, the Group entered into a sale and purchase agreement with Shenzhen Agricultural Products Company Limited to acquire a 50% equity interest in Shenzhen Jimao Market Company Limited ("Shenzhen Jimao"), for a cash consideration of approximately RMB65 million.

Since the date of acquisition, Shenzhen Jimao had contributed a profit of HK$1 million to the Group's profit attributable to equity holders of the parent for the year.

Had the aforesaid acquisition taken place alone at the beginning of the year, the Group's profit attributable to the equity holders of the parent and the revenue of the Group for the year would have been HK$93.3 million and HK$531.5 million, respectively.

20. INTEREST IN A JOINTLY-CONTROLLED ENTITY *(Cont'd)*

The Group's share of the fair values of the identified assets and liabilities of Shenzhen Jimao acquired during the year is as follows:

	HK$'000
Property, plant and equipment	5,444
Investment properties	62,593
Prepayments, deposits and other receivables	187
Cash and cash equivalents	687
Other payables and accruals	(4,403)
Tax payable	(637)
Fair value of net assets acquired	63,871
Goodwill arising on acquisition *(note 17)*	1,376
	65,247
Consideration:	
Cash consideration	65,247
Net cash outflow arising on the acquisition is as follows:	
Cash and cash equivalents acquired from the jointly-controlled entity	687
Cash paid	(65,247)
Net cash outflow	(64,560)

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments, at fair value:				
Hong Kong	**24,721**	30,038	**15,416**	17,608
Elsewhere	**5,868**	5,162	**5,333**	5,162
Unlisted debt securities, at fair value	**16,178**	35,615	**16,178**	35,615
	46,767	70,815	**36,927**	58,385

The market values of the Group's and the Company's listed equity investments at the date of approval of these financial statements were approximately HK$43,831,000 and HK$27,710,000, respectively.

The effective interest rates of the unlisted debt securities ranged from 2% to 7%, and their maturity dates ranged from 1 month to 10 years.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Unlisted equity investments in Hong Kong, at cost	**15,376**	15,376
Less: Provision for impairment	**(15,376)**	(15,376)
	–	–

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

In the opinion of the directors, the fair value of the unlisted available-for-sale equity investments cannot be reliably measured because the probabilities of the various measures within the range cannot be reasonably assessed and used in estimating the fair value, and hence these investments were stated at cost less any impairment losses.

23. OTHER INTANGIBLE ASSET

	Marketplace operating right HK$'000
Addition during the year and cost at 31 March 2007	30,300

The Group entered into an agreement with an independent third party to acquire a right to operate an agricultural products wholesaling marketplace, for a total cash consideration of HK$30,800,000. At the balance sheet date, a sum of HK$30,300,000 has been paid by the Group. The right will expire in five years from 1 April 2007.

24. PROPERTIES HELD FOR SALE

	Group	
	2007	2006
	HK$'000	*HK$'000*
At beginning of year	**135,634**	–
Additions	**–**	117,374
Sale	**(134,179)**	(88,862)
Transfer from properties under development *(note 16)*	**–**	107,122
At end of year	**1,455**	135,634

At 31 March 2007, no properties held for sale were pledged to secure the Group's general banking facilities (2006: HK$58,050,000) *(note 30)*.

Further particulars of the Group's properties held for sale are included on page 109.

25. TRADE RECEIVABLES

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

	Group			
	2007		2006	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 90 days	**6,278**	**88**	6,478	88
91 days to 180 days	**441**	**6**	427	5
Over 180 days	**425**	**6**	542	7
	7,144	**100**	7,447	100
Less: Provision for impairment	**(548)**		(636)	
	6,596		6,811	

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

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**3,336**	3,070	**430**	467
Deposits	**5,986**	7,310	**100**	80
Other receivables	**24,854**	5,639	**228**	3,037
Loans receivable, secured	**18,367**	19,277	**–**	–
Loans receivable, unsecured	**402**	2,593	**–**	–
	52,945	37,889	**758**	3,584
Less: loans receivable classified as non-current assets	**(13,987)**	(15,087)	**–**	–
	38,958	22,802	**758**	3,584

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Cont'd)

The Group's loans receivable are stated at amortised cost at effective interest rates ranging from 2% to 12% and the credit terms of which range from 4 months to 15 years. As the Group's loans receivable relate to a number of different borrowers, the directors are of the opinion that there is no concentration of credit risk over these loans receivable. The carrying amounts of the loans receivable approximate to their fair values.

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**135,757**	67,454	**86,457**	41,605
Time deposits	**330,827**	244,419	**304,027**	212,890
	466,584	311,873	**390,484**	254,495
Less: Pledged time deposits	**(78,000)**	(13,971)	**(78,000)**	(13,971)
Cash and cash equivalents	**388,584**	297,902	**312,484**	240,524

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

28. TRADE PAYABLES

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**–**	110

The trade payables are non-interest-bearing and there was generally no credit terms granted by suppliers. The carrying amounts of the trade payables approximated to their fair values.

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other payables	**34,323**	21,694	**688**	1,529
Accruals	**10,018**	10,040	**51**	10
	44,341	31,734	**739**	1,539

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

30. INTEREST-BEARING BANK LOANS

Group

	2007			2006		
	Effective interest rate	**Maturity**		Effective interest rate	Maturity	
	(%)		***HK$'000***	*(%)*		*HK$'000*
Current:						
Bank loans – secured	**4.80% – 5.943%**	**2008**	**364,425**	5.445% – 6.145%	2007	279,234
Bank loans – unsecured	**5.518% – 5.618%**	**2008**	**25,000**	5.045% – 5.770%	2007	25,800
			389,425			305,034
Non-current:						
Bank loans – secured	**5.289% – 5.943%**	**2008 – 2025**	**108,799**	5.045% – 5.770%	2008 – 2025	205,494
			498,224			510,528

30. INTEREST-BEARING BANK LOANS *(Cont'd)*

Company

	2007			2006		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current:						
Bank loans – secured	**4.80% – 5.943%**	**2008**	**112,000**	4.80% – 5.206%	2007	127,230
Bank loans – unsecured	**5.518% – 5.618%**	**2008**	**25,000**	4.881% – 5.006%	2007	25,000
			137,000			152,230
Non-current:						
Bank loans – secured	**5.318% – 5.943%**	**2008 – 2011**	**29,750**	5.081% – 5.206%	2008	35,250
			166,750			187,480

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year	**389,425**	305,034	**137,000**	152,230
In the second year	**20,871**	92,240	**16,250**	30,250
In the third to fifth years, inclusive	**40,687**	31,243	**13,500**	5,000
Beyond five years	**47,241**	82,011	**–**	–
	498,224	510,528	**166,750**	187,480

Certain bank loans of the Group and the Company are secured by the Group's investment properties and certain rental income generated therefrom (note 15), properties under development (note 16) and properties held for sale (note 24).

In addition, the Company has guaranteed certain of the Group's bank loans up to HK$483,162,000 (2006: HK$471,995,000) as at the balance sheet date.

All bank borrowings of the Group and the Company bear interest at floating interest rates.

The carrying amounts of the bank borrowings of the Group and of the Company approximate to their fair values.

31. PROVISIONS FOR ONEROUS CONTRACTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
At beginning of year	**1,935**	8,169
Write-back of provision	**(688)**	(3,863)
Amount utilised during the year	**(878)**	(2,371)
At end of year	**369**	1,935
Portion classified as current liabilities	**(369)**	(345)
Long term portion	**–**	1,590

32. CONVERTIBLE NOTES

	Group and Company	
	2007	2006
	HK$'000	*HK$'000*
Convertible notes	**45,756**	46,860

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$1.818 per share (as adjusted after the bonus issue of the Company during the year).

The principal amounts of the convertible notes bear interest at a rate of 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.

During the prior and current year, 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.

32. CONVERTIBLE NOTES *(Cont'd)*

The effective interest rate on the liability component of the convertible notes is 7% per annum.

The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

	Liability component of convertible notes	**Equity component of convertible notes**
	HK$'000	*HK$'000*
Balance at 1 April 2005	85,254	10,903
Interest expense *(note 7)*	3,948	–
Interest paid	(645)	–
Conversion of convertible notes	(41,697)	(4,826)
Balance at 31 March and 1 April 2006	46,860	6,077
Interest expense *(note 7)*	2,966	–
Interest paid	(492)	–
Conversion of convertible notes	(3,578)	(424)
Balance at 31 March 2007	45,756	5,653

33. DEFERRED TAX

The net deferred tax assets/(liabilities) in the consolidated balance sheet are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Deferred tax assets	**2,733**	562
Deferred tax liabilities	**(5,454)**	(3,172)
	(2,721)	(2,610)

33. DEFERRED TAX *(Cont'd)*

The components of deferred tax assets and liabilities and the movements during the year are as follows:

Group

	Depreciation allowance in excess of related depreciation	Provisions for onerous contracts	Revaluation of properties	Losses available for offset against future taxable profit	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	256	234	(4,678)	3,482	12	(694)
Disposal of subsidiaries *(note 37(c))*	–	–	798	–	–	798
Deferred tax charged to the income statement during the year *(note 10)*	(1,732)	(234)	(331)	(405)	(12)	(2,714)
At 31 March and 1 April 2006	(1,476)	–	(4,211)	3,077	–	(2,610)
Deferred tax credited/(charged) to the income statement during the year *(note 10)*	825	–	(3,807)	2,871	–	(111)
Deferred tax assets/(liabilities) at 31 March 2007	(651)	–	(8,018)	5,948	–	(2,721)

The Group has tax losses arising in Hong Kong of approximately HK$47,729,000 (2006: HK$73,929,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

33. DEFERRED TAX *(Cont'd)*

At 31 March 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

34. SHARE CAPITAL

Shares

	2007	2006
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
294,178,882 (2006: 224,544,439) ordinary shares of HK$0.10 (2006: HK$0.10) each	**29,418**	22,454

During the year, the movements in share capital were as follows:

(a) The convertible notes issued by the Company with an aggregate nominal value of HK$3,600,000 were converted at the conversion price of HK$2, resulting in the issue of 1,800,000 shares of HK$0.10 each. As a result of the bonus issue set out in note(b) below, the exercise price of the convertible notes was adjusted from HK$2 to HK$1.818.

(b) A bonus issue of one share for every ten existing shares held by the members on the register of members on 17 August 2006 was made, resulting in the issue of 22,634,443 shares of HK$0.10 each for nil consideration.

(c) During the year, the Company repurchased a total of 19,300,000 shares at an average price of HK$2.32 per share in the open market of The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled by the Company.

34. SHARE CAPITAL *(Cont'd)*

Shares *(Cont'd)*

(d) On 13 March 2007, Accord Power Limited entered into a placing agreement and a top-up subscription agreement with an independent placing agent and the Company, respectively. Accord Power Limited is a company incorporated in the British Virgin Islands with limited liability and controlled by Trustcorp Limited in its capacity as the trustee of the Tang's family Trust, a discretionary trust of which Mr. Tang Ching Ho, the chairman of the Company, was the founder and Ms. Yau Yuk Yin, the deputy chairman of the Company and the spouse of Mr. Tang Ching Ho, is a beneficiary. Pursuant to the above placing agreement, Accord Power Limited agreed to place, through the placing agent, an aggregate of 53 million existing shares of the Company, at a price of HK$2.8 per share. Pursuant to the above top-up subscription agreement, Accord Power Limited agreed to subscribe for an aggregate of 53 million new shares of the Company at a price of HK$2.8 per share, the gross proceeds of which are approximately HK$148.4 million.

On the same date, the Company entered into another placing agreement with the above placing agent, and pursuant to which the Company agreed to place, through the placing agent, 11.5 million new shares of the Company at a price of HK$2.8 per share. The gross proceeds from such placing are approximately HK$32.2 million.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued share capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 April 2005	143,320,366	14,332	372,362	386,694
Exercise of share options	11,100,000	1,110	10,418	11,528
Conversion of convertible notes	32,700,000	3,270	43,253	46,523
Bonus issue	37,424,073	3,742	(3,742)	–
At 31 March and 1 April 2006	224,544,439	22,454	422,291	444,745
Conversion of convertible notes (a)	1,800,000	180	3,822	4,002
Bonus issue (b)	22,634,443	2,264	(2,264)	–
Repurchases of shares (c)	(19,300,000)	(1,930)	(43,087)	(45,017)
Placements of shares (d)	64,500,000	6,450	174,150	180,600
Share issue expenses	–	–	(5,300)	(5,300)
At 31 March 2007	**294,178,882**	**29,418**	**549,612**	**579,030**

Subsequent to the balance sheet date, 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.

34. SHARE CAPITAL *(Cont'd)*

Shares *(Cont'd)*

Subsequent to the balance sheet date, 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.

Share options

Details of the Company's share option scheme are set out in note 35 to the financial statements.

35. 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), 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.

Pursuant to the Scheme, the maximum number of share options that may be granted under the Scheme and any other share option schemes of the Company is an amount equivalent, upon their exercise, not in aggregate exceed 10% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options.

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associates) under the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.

35. SHARE OPTION SCHEME *(Cont'd)*

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associates) is also required to be approved by shareholders.

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK$1.00.

The option price per share payable on the exercise of an option is determined by the Directors provided that it shall be at least the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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

Name or category of participant	At 1 April 2006	Adjustment for bonus issue of the Company's shares	Exercised during the year	Granted during the year	At 31 March 2007	Date of grant of share options	Exercise period of share options	Exercise price of share options	Price of the Company's shares at grant date of share options**
								HK$	*HK$*
Other employees									
In aggregate	12,588,000	1,258,800	–	18,700,000	32,546,800	*	*	*	0.1425

35. SHARE OPTION SCHEME (Cont'd)

* These represented options granted to employees with exercise prices ranging from HK$0.97 to HK$2.85 per share and exercise periods starting on the earliest on 7 October 2003 and ending at the latest on 1 March 2017. The exercise price of those share options granted at an initial price of HK$1.28 per share had been adjusted to HK$0.97 per share to reflect the effect of the bonus issue of the Company's shares during the year. Subsequent to the balance sheet date, 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.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price of the trading day immediately prior to the date of grant of the options, after adjustment due to the Company's share subdivision subsequent to the balance sheet date.

The fair value of the share options granted during the year was HK$7,633,000, which was recognised as a share option expense during the year.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2007:

Expected dividend yield (%)	4.73
Expected volatility (%)	23.29
Risk-free interest rate (%)	4.00
Exit rate of employees (%)	15.00

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the balance sheet date, the Company had 32,546,800 (2006: 12,588,000) share options outstanding under the Scheme. The exercise in full of these share options would, under the then capital structure of the Company, result in the issue of 32,546,800 (2006: 12,588,000) additional ordinary shares of the Company and additional share capital of HK$3,254,680 (2006: HK$1,258,800) and share premium of HK$63,472,000 (2006: HK$12,172,596) (before issue expenses).

As the date of this report, the total number of shares available for issue under the Scheme is 592,132,964 shares, representing 10% of the share capital of the Company in issue as at that date.

36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 30 of the financial statements.

Certain amounts of goodwill arising on the acquisition of subsidiaries and associates in prior years remain eliminated against consolidated reserves, as explained in note 17 to the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus *(Note)* HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 April 2005		372,362	121,364	–	113,691	17,846	625,263
Final 2005 dividend declared		–	–	–	(4,608)	(17,846)	(22,454)
Exercise of share options	*34*	10,418	–	–	–	–	10,418
Conversion of convertible notes	*34*	43,253	–	–	–	–	43,253
Bonus issue	*34*	(3,742)	–	–	–	–	(3,742)
Profit for the year		–	–	–	5,398	–	5,398
Interim 2006 dividend	*12*	–	–	–	(6,736)	–	(6,736)
Proposed final 2006 dividend	*12*	–	–	–	(15,718)	15,718	–
At 31 March and 1 April 2006		422,291	121,364	–	92,027	15,718	651,400
Final 2006 dividend declared		–	–	–	(126)	(15,718)	(15,844)
Conversion of convertible notes	*34*	3,822	–	–	–	–	3,822
Bonus issue	*34*	(2,264)	–	–	–	–	(2,264)
Repurchases of shares	*34*	(43,087)	–	–	–	–	(43,087)
Placements of shares	*34*	174,150	–	–	–	–	174,150
Share issue expenses	*34*	(5,300)	–	–	–	–	(5,300)
Equity-settled share option arrangements		–	–	7,633	–	–	7,633
Profit for the year		–	–	–	127,230	–	127,230
Interim 2007 dividend	*12*	–	–	–	(7,073)	–	(7,073)
Proposed final 2007 dividend	*12*	–	–	–	(19,540)	19,540	–
At 31 March 2007		549,612	121,364	7,633	192,518	19,540	890,667

Note:

The contributed surplus of the Company originally derived from the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the Group reorganisation on 6 February 1995 and the par value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transaction

During the year, part of the convertible notes with a face value of HK$3,600,000 (2006: HK$47,020,000) were converted into 1,800,000 (2006: 32,700,000) new shares of the Company.

(b) Acquisitions of subsidiaries

	2007	2006
	HK$'000	*HK$'000*
Net assets acquired:		
Deposits and other receivables	–	3,000
Satisfied by:		
Cash	–	3,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries is as follows:

	2007	2006
	HK$'000	*HK$'000*
Cash consideration	–	(3,000)

The subsidiaries acquired in the prior year contributed, since its acquisition, HK$39,100,000 to the Group's turnover and HK$3,486,000 to the consolidated profit for the year ended 31 March 2006.

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Cont'd)*

(c) Disposal of subsidiaries

	Notes	2007 HK$'000	2006 HK$'000
Net assets disposed of:			
Property, plant and equipment	14	**180**	–
Investment properties	15	**10,200**	20,500
Inventories		**10**	–
Available-for-sale investments		**–**	12,000
Trade receivables		**43**	–
Deposits and other receivables		**1,339**	53
Cash and cash equivalents		**1,978**	–
Trade and other payables		**(1,315)**	(236)
Tax payable		**(195)**	–
Dividends payable		**(633)**	–
Deferred tax liabilities	33	**–**	(798)
		11,607	31,519
Goodwill released on disposal	17	**4,044**	–
Gain on disposal of subsidiaries		**2,524**	1,221
		18,175	32,740
Satisfied by:			
Cash		**18,200**	17,240
Loans receivable		**–**	15,500
Expenses incurred		**(25)**	–
		18,175	32,740

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Cont'd)*

(c) Disposal of subsidiaries *(Cont'd)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2007	2006
	HK$'000	*HK$'000*
Cash consideration	**18,200**	17,240
Dividends received	**633**	–
Expenses incurred	**(25)**	–
Cash and cash equivalents disposed of	**(1,978)**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**16,830**	17,240

On 26 January 2007, the Group entered into an agreement to dispose of its entire interest in Greatest Wealth Limited, which was a wholly-owned subsidiary of the Company engaged in the management of pork stalls and butcher shops, to an independent third party. Together with the assignment of a related shareholder's loan in the principal amount of HK$2 million, the consideration for this disposal transaction amounted to approximately HK$8 million. The consideration was satisfied by cash.

On 26 January 2007, the Group entered into an agreement to dispose of its entire interest in Allied Victory Investment Limited, which was a wholly-owned subsidiary of the Company engaged in property investment, to an independent third party, for a cash consideration of approximately HK$10 million.

38. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

(a)

	Company	
	2007	2006
	HK$'000	*HK$'000*
Guarantees given to financial institutions in connection with facilities granted to subsidiaries	**483,162**	471,995

38. CONTINGENT LIABILITIES *(Cont'd)*

(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$714,000 (2006: HK$783,000) as at 31 March 2007, as further explained under the heading "Employee benefits" in note 2.4 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees had achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and its jointly-controlled entity lease their investment properties (note 15) and the Group sub-leases Chinese wet markets, shopping centres and car parks under operating lease arrangements, with leases negotiated for terms ranging from three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within one year	**64,937**	90,909
In the second to fifth years, both years inclusive	**88,835**	32,159
After five years	**12,430**	–
	166,202	123,068

39. OPERATING LEASE ARRANGEMENTS *(Cont'd)*

(b) As lessee

The Group and its jointly-controlled entity lease Chinese wet markets, shopping centres, car parks and certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from three months to seven years.

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Within one year	**110,710**	79,339
In the second to fifth years, both years inclusive	**91,551**	48,271
After five years	**–**	1,194
	202,261	128,804

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following commitments at the balance sheet date:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Capital commitments contracted, but not provided for, in respect of property development	**31,693**	238,989

Apart from the above, the Group also had commitments in respect of investments in joint ventures at the balance sheet date as follows:

(a) 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 the development, operations and management of an agricultural by-products wholesaling marketplace and related facilities, and the sale 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. At the balance sheet date, an outstanding commitment in respect of investment in the joint venture by the Group amounted to approximately RMB38,630,000 (equivalent to approximately HK$39,190,000).

40. COMMITMENTS *(Cont'd)*

(b) On 6 January 2007, the Group entered into a shareholder agreement with certain independent parties in Mainland China to inject capital amounting to RMB35,700,000 (equivalent to approximately HK$36,218,000) in a PRC domestic enterprise named Xuzhou Yuan Yang Trading Development Company Limited ("Xuzhou Yuan Yang"). Xuzhou Yuan Yang is principally engaged in the development, operations and management of an agricultural by-products wholesaling marketplace and related facilities, and the rental of properties. No payment has been made in respect of the above capital injection by the Group as at the balance sheet date.

At the balance sheet date, the Company did not have significant commitments.

41. POST BALANCE SHEET EVENTS

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

(a) Pursuant to a special resolution passed at a general meeting of the Company on 17 May 2007, each issued 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.

(b) On 24 April 2007, the Group entered into an agreement with certain independent parties in Mainland China to establish a joint venture named Changzhou Ling Jia Tang Wang Jin Development Company Limited ("Changzhou Ling Jia"). The registered capital of Changzhou Ling Jia will be US$20 million (equivalent to approximately HK$156 million), in which the Group will contribute US$8 million (equivalent to approximately HK$62.4 million). Changzhou Ling Jia will develop an agricultural by-products wholesaling marketplace and related facilities in Changzhou.

(c) On 15 May 2007, the Company entered into an agreement (the "Warrant Agreement") with Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers"), pursuant to which the Company has agreed to issue, and Lehman Brothers has agreed to subscribe for, a total of 10 million unlisted warrants to be issued by the Company entitling the holders thereof the right to subscribe for 10 million of the Company's ordinary shares (equivalent to 200 million shares upon the share subdivision as set out in note (a) above becoming effective on 18 May 2007) at an initial subscription price of HK$9 per share (or at HK$0.45 per share upon the share subdivision as set out in note (a) above becoming effective on 18 May 2007), subject to certain potential adjustments, at any time during the period commencing two months after the date of completion of the Warrant Agreement to the maturity date of the warrants. The net proceeds from the issue of the warrants is estimated by management to be approximately HK$4 million. Assuming the full exercise of the warrants at the above initial subscription price, the Company will raise additional capital of approximately HK$90 million.

41. POST BALANCE SHEET EVENTS *(Cont'd)*

(d) On 11 June 2007, the Group entered into a placing agreement (the "Placing Agreement") with DBS Asia Capital Limited (the "Placing Agent"). Pursuant to the Placing Agreement, the Group agreed to dispose of and the Placing Agent agreed to place an aggregate of 210 million shares of WYTH held by the Group to third parties independent of the Company and its connected persons, at a price of HK$0.46 per share. The net proceeds from such disposal transaction are approximately HK$94 million, and it is expected that the disposal will not result in any significant gain. Immediately upon completion of the above placing, the Group's equity interest in WYTH will be diluted from 49% to approximately 34%.

(e) On 3 July 2007, the Group entered into a conditional agreement with an independent third party to acquire a 20% equity interest in each of the three companies incorporated in the PRC engaging in the wholesaling of agricultural products, for an aggregate cash consideration of HK$73,470,000.

42. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	**2007** ***HK$'000***	2006 *HK$'000*
Purchase of a subsidiary and its shareholder's loan from a director	*(i)*	**–**	3,000
Rental income received from a director	*(ii)*	**600**	600
Income from associates:	*(iii)*		
Management fee		**996**	972
Rental		**1,044**	267
Interest income		**–**	330
Rental expenses paid to an associate	*(iii)*	**1,845**	1,803

42. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) Transactions with related parties *(Cont'd)*

Notes:

(i) During the prior year, the Group acquired from a director of the Company, Mr. Tang Ching Ho ("Mr. Tang"), the entire interest in Hanwin Investment Limited ("Hanwin"), a company wholly and beneficially owned by Mr. Tang, at an aggregate consideration equivalent to the face value of the entire issued share capital and shareholder's loan of Hanwin, amounting to HK$3,000,000. Prior to the completion of the agreement in respect of the acquisition of Hanwin from Mr. Tang, Hanwin had entered into agreements with independent third parties to acquire an investment property at a consideration of approximately HK$110 million.

(ii) An investment property of the Group was leased to Mr. Tang at an agreed monthly rental of HK$50,000. The rental was determined with reference to the prevailing market rates.

(iii) The transactions were based on terms mutually agreed between the Group and the related parties.

The related party transactions disclosed in notes (i) and (ii) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Details of the Group's balances with associates as at the balance sheet date are disclosed in note 19 to the financial statements.

(c) Compensation of key management personnel of the Group

	2007	2006
	HK$'000	*HK$'000*
Short term employment benefits	**5,509**	5,375
Post-employment benefits	**82**	67
	5,591	5,442

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the financial statements. The directors' remuneration forms part of the Group's compensation of key management personnel.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group and its jointly-controlled entity comprise bank loans and overdrafts, convertible notes and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the policy of the Group and its jointly-controlled entity that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Group operates a central cash management system for all of its unlisted subsidiaries. The Group generally obtains long term financing at the Group level to on-lend or contribute as equity to its subsidiaries to meet their funding requirements and provide more cost-efficient financing. These borrowings are mainly bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group and its jointly-controlled entity regularly and closely monitors its overall net debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Foreign currency risk

The Group and its jointly-controlled entity have a minimal transactional currency exposure which arises from sales or purchases by an entity in currencies other than its functional currency, and hence it does not have a foreign currency hedging policy.

Credit risk

The Group and its jointly-controlled entity trade only with recognised and creditworthy third parties. It is the policy of the Group and its jointly-controlled entity that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the exposure of the Group and its jointly-controlled entity to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group and its jointly-controlled entity do not offer credit terms without the specific approval from the Head of Credit Control. Since the Group and its jointly-controlled entity trade only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the other financial assets of the Group and its jointly-controlled entity, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Liquidity risk

The objective of the Group and its jointly-controlled entity is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and convertible notes.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 July 2007.

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
House 15, Greenery Villas Phase II, No. 3 Ma Lok Path, Kau To, Shatin, New Territories	Residential premises for rental	Medium term lease	100%
House 2 and Car Parking Spaces 3 & 4, Winners Lodge, Nos. 9-15 Ma Yeung Path, Shatin, New Territories	Vacant	Medium term lease	100%
Shop C on Ground Floor, Tsuen Fung Building, Nos. 39-43A Tsuen Wan Market Street, Tsuen Wan, New Territories	Commercial premises for rental	Medium term lease	100%
Shop 6 on Ground Floor, Grandeur Garden, Nos. 14-18 Chik Fai Street, Nos. 55-65 Tai Wai Road, Shatin, New Territories	Commercial premises for rental	Medium term lease	100%
Ground Floor, 170 Castle Peak Road Yuen Long, New Territories	Commercial premises for rental	Medium term lease	100%
Shop B, Ground Floor, Kwong Sen Mansion, 23-33 Shui Wo Street, Kwun Tong, Kowloon	Commercial premises for rental	Medium term lease	100%
Ground Floor, 1st – 2nd floors and rooftop, 68 San Hong Street, Sheung Shui, New Territories	Commercial premises for rental	Medium term lease	100%
Shop B, Ground Floor, 106-108 Shau Kei Wan Road, Hong Kong	Commercial premises for rental	Medium term lease	100%
Shop 5, Ground Floor, Tak Lee Building, 993 King's Road, Hong Kong	Commercial premises for rental	Medium term lease	100%
Various lots in DD210 and DD244, Ho Chung, Sai Kung, New Territories	Vacant	Medium term lease	100%

PROPERTIES UNDER DEVELOPMENT

Property name	Location	Approximate site area (sq. ft.)	Estimated approximate gross floor area (sq. ft.)	Use	Anticipated completion	Attributable interest of the Group
Shatin Heights Road	Lot No. 1476 in DD 189	49,100	27,900	Residential	Early 2007	100%
Fairview Park Boulevard	Lot No. 4781, Lot No. 3254 RP, Lot No. 3265 S.A, Lot No. 3251 S.B RP, Lot No. 3257 RP, Lot No. 3258 S.B. SS.I, Lot No. 3641 S.A, Lot No. 3258 S.B RP & Lot No. 3641 RP in DD 104	154,800	39,200	Residential and commercial	Early 2007	100%
Au Tau Yuen Long	Lot No. 14B, 15D, Lot No. 14RP, 15E, Lot No. 13B, 15B, Lot No. 16A, 17A, Lot No. 16B, 17B, Lot No. 13RP, 14A, 15C, Lot No. 13A & 15A, in DD 60 Lot 15SF, 16SC, 17SC & 17SD in GN 364	13,998	14,700	Residential	Late 2007	100%

PROPERTIES HELD FOR SALE

Property name	Location	Approximate site area (sq. ft.)	Estimated approximate gross floor area (sq. ft.)	Use	Assignment completion date	Attributable interest of the Group
Milan Place	1 residential unit No. 58 Yen Chow Street, Sham Shui Po, Kowloon	N/A	483	Residential	April 2007	100%

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 March				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**499,488**	395,557	364,123	296,565	292,156
PROFIT AFTER FINANCE COSTS	**91,854**	121,664	90,441	51,671	80,004
Share of profits and losses of associates	**4,578**	(39,601)	(16,655)	(10,823)	(12,333)
Amortisation of goodwill of associates	**–**	–	–	(7,656)	(16,454)
Provision for impairment of goodwill of an associate	**–**	–	–	–	(7,000)
PROFIT BEFORE TAX	**96,432**	82,063	73,786	33,192	44,217
Tax	**(13,254)**	(9,480)	(4,255)	(3,818)	(2,437)
PROFIT FOR THE YEAR	**83,178**	72,583	69,531	29,374	41,780
Attributable to:					
Equity holders of the parent	**83,170**	72,554	69,497	29,285	41,139
Minority interests	**8**	29	34	89	641
	83,178	72,583	69,531	29,374	41,780

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 March				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,734,214**	1,497,324	1,145,203	857,583	781,578
TOTAL LIABILITIES	**(691,908)**	(657,151)	(398,118)	(176,600)	(157,766)
MINORITY INTERESTS	**(472)**	(464)	(435)	(401)	(324)
	1,041,834	839,709	746,650	680,582	623,488