



WANG ON GROUP LIMITED

宏安集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1222



INTERIM REPORT 2008

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

QUALIFIED ACCOUNTANT

Mr. Leong Weng Kin

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited

AUDITORS

Ernst & Young

LEGAL ADVISERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HOMEPAGE

<http://www.wangon.com>

STOCK CODE

1222

INTERIM DIVIDEND

The board of directors (the “Board”) of Wang On Group Limited (the “Company”) does not recommend the payment of any interim dividend for the six months ended 30 September 2008 (For the six months ended 30 September 2007: HK0.16 cents per share).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2008, the Company, its subsidiaries and its jointly-controlled entities (the “Group”) recorded a turnover of approximately HK\$181.8 million (2007: approximately HK\$296.4 million), representing a decrease of approximately 38.7% as compared with the corresponding period last year. The Group recorded a loss attributable to equity holders of approximately HK\$82.9 million (2007: profit attributable to equity holders of HK\$37.8 million). The loss was mainly attributable to the loss on the deemed disposal of the equity interest in Wai Yuen Tong Medicine Holdings Limited (“WYTH”) as a result of a top-up placing exercised by WYTH in May 2008, share of loss of an associate, WYTH, and change in fair value of financial assets due to the recent troubled investment environment.

Property Development

In the first half of the current financial year, the overall residential market in Hong Kong remained stagnant and price and activity levels both declined. During the period, the Group recorded a turnover of approximately HK\$19.2 million (2007: approximately HK\$199.5 million) representing a 90.4% decrease as compared to the same period last year.

Our luxurious “Godi” residential project at Shatin Heights has been completed and is now ready for sale. Show flats and a sales office are in place and our sales efforts will commence when we see signs of improvement in the Hong Kong economy, particularly in the property market.

During the period under review, the Group disposed of its 50% interest in a land site of approximately 2.4 million square feet in Fuzhou, Jiangxi Province, the People’s Republic of China (the “PRC”), through the disposal of a subsidiary, for a consideration of HK\$197.8 million. Following the disposal, the Group will focus on the Hong Kong property market and will continue to look for potential sites and projects for development.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW *(Continued)*

Property Investment

As at 30 September 2008, the Group maintained an investment property portfolio comprising retail shops and residential premises in Hong Kong with a net book value of approximately HK\$388.1 million (31 March 2008: approximately HK\$379.3 million). During the period, the Group invested approximately HK\$57.7 million in residential premises. The Group believes that this division will continue to generate steady rental income and benefit from capital appreciation.

Management and Sub-licensing of Chinese Wet Markets

The Group continues to derive stable income from its Chinese wet markets management business. In October, the Group was awarded a contract to manage the Choi Ming Chinese wet market located at Tseung Kwan O. Currently, the Group is the single largest operator of Chinese wet markets in Hong Kong managing a portfolio of approximately 1,000 stalls with an area of over 330,000 square feet in 14 Chinese wet markets.

The Group also currently manages a total of more than 1,100 stalls occupying a total gross floor area of over 270,000 square feet in 16 "Huimin" brand Chinese wet markets in various districts in Shenzhen, the PRC. During the period under review, turnover derived from this business segment was approximately HK\$79.3 million (2007: approximately HK\$70.8 million), representing an increase of approximately 12.0% as compared to the same period last year.

Capitalising on the Group's abundant resources and expertise in the management of Chinese wet markets, the Group continues to seek more business opportunities in the management of Chinese wet markets in both the PRC and Hong Kong.

Agricultural By-products Wholesale Markets

During the period under review, the turnover of this division amounted to approximately HK\$24.0 million (2007: approximately HK\$12.6 million), representing an increase of 90.5% over the same period last year. Its operating results shown a profit of HK\$32.5 million against a loss of HK\$7.5 million in the same period last year, which was mainly attributable to the fair value gain on investment properties of Xuzhou market.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***BUSINESS REVIEW** *(Continued)***Agricultural By-products Wholesale Markets** *(Continued)*

As at 30 September 2008, the Group had interest in three agricultural by-products wholesale markets or related ancillary facilities in the PRC, details of which are as follows:

Location	Approximate Site Area (million sq. ft.)	Percentage of Ownership Interest	Status	Anticipated Completion
Xuzhou	2.1	51%	In operation	N/A
Yulin	2.9	65%	Construction work for phase 1 commenced in December 2007	Expected to complete and commence trial operations in the second quarter of 2009
Changzhou	0.6	40%	Construction work will commence in the last quarter of 2008	Expected to complete by the third quarter of 2009
Total	5.6			

The level of business of our agricultural by-products market in Xuzhou has been picking up since our acquisition last year and its revenue grew as compared to the same period last year. It is expected that further growth will be recorded in the second half of the 2008/2009 financial year.

Site investigation and planning were completed in Changzhou and approval for construction has been applied for and it is anticipated that construction work will commence shortly.

In Hong Kong, our agricultural products wholesale market in Fanling had a satisfactory performance during the half year ended 30 September 2008 and provided stable revenue to the Group. The Group is currently implementing steps to improve the efficiency and utilisation of the market which hopefully will enhance its cashflow in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Investment in Pharmaceutical and Health Products Related Business

The pharmaceutical and health products related business operated by the Group's 23.59% owned associate, WYTH, continued to improve during the period under review with a total turnover of approximately HK\$230.7 million, representing a 7.9% increase over the same period last year.

As a result of the revaluation of the embedded value of a convertible bond held by WYTH and the share of loss from WYTH's associate, LeRoi Holdings Limited, coupled with the sluggish economic conditions, WYTH suffered from a loss of approximately HK\$174.8 million which resulted in a share of loss by the Group of approximately HK\$41.2 million.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 September 2008, the Group had cash resources and short term investments of approximately HK\$466.9 million (31 March 2008: approximately HK\$376.1 million). The aggregate borrowings as at 30 September 2008 amounted to approximately HK\$529.4 million (31 March 2008: approximately HK\$546.2 million). All borrowings bear interest at floating interest rate.

During the period under review, the Group's gearing ratio was approximately 7.2% (31 March 2008: approximately 18.2%), calculated 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\$86.2 million and approximately HK\$1.2 billion, respectively.

As at 30 September 2008, the Group's properties under development with an aggregate carrying value of approximately HK\$306.7 million (31 March 2008: approximately HK\$282.2 million) and investment properties with an aggregate carrying value of approximately HK\$388.1 million (31 March 2008: approximately HK\$348.9 million) were pledged to secure the Group's general banking facilities totalling approximately HK\$393.4 million (31 March 2008: approximately HK\$352.2 million).

The Group's capital commitment as at 30 September 2008 amounted to HK\$40.6 million (31 March 2008: approximately HK\$197.4 million). The Group had no significant contingent liabilities as at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Liquidity, Financial Resources and Capital Structure *(Continued)*

The Board is of the opinion that there is no material foreign exchange exposure to the Group. All bank borrowings are denominated in Hong Kong dollars and Renminbi. The revenue of the Group, being mostly denominated in Hong Kong dollars, matched the currency requirement of the Group's operating expenses. The Group does not engage in any hedging contracts.

Management is of the opinion that existing financial resources will be sufficient for the Group's needs in the foreseeable future.

During the period, the subscription rights attaching to 97,680,000 share options were exercised at an exercise price of HK\$0.0485 per share, resulting in the issue of 97,680,000 shares of HK\$0.005 each for a total cash consideration, before expenses, of approximately HK\$4,737,000.

The Company entered into agreements in March 2008 to place a total of 1,360 million new ordinary shares at a price of HK\$0.075 per share and a gross proceeds of HK\$102 million (before expenses) were raised upon completion in April.

Fund Raising

The Company entered into agreements in March 2008 to place a total of 1,360 million new ordinary shares at a price of HK\$0.075 per share. The net proceeds of approximately HK\$98.9 million raised upon completion in April 2008 have been earmarked for financing the development and management of agricultural by-products wholesale markets in the PRC, the expansion and development of property investment and development business, the repayment of bank loans and other potential investment opportunities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2008, the Group had 291 full time employees, around 69.8% 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

Despite the sluggish economic outlook, our Group remains strong on liquidity and will continue to search for attractive investment opportunities to ensure our Group's further long-term earnings.

DISCLOSURE OF INTERESTS

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

As at 30 September 2008, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of director	Number of ordinary shares or underlying shares held, capacity and nature of interest				Total	Approximate percentage of the Company's total issued share capital (Note (g)) %
	Personal interest	Family interest	Corporate interest	Other interest		
Tang Ching Ho	16,218,960	16,218,920 (Note (a))	59,326,780 (Note (b))	913,893,400 (Note (c))	1,005,658,060	12.78
Yau Yuk Yin	16,218,920	75,545,740 (Note (d))	-	913,893,400 (Note (e))	1,005,658,060	12.78
Chan Chun Hong, Thomas	1,300,000 (Note (f))	-	-	-	1,300,000	0.02

DISCLOSURE OF INTERESTS *(Continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**
*(Continued)**Notes:*

- (a) Mr. Tang Ching Ho was taken to be interested in those shares in which his spouse, Ms. Yau Yuk Yin, was interested.
- (b) Mr. Tang Ching Ho was taken to be interested in those shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang Ching Ho was taken to be interested in those shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (d) Ms. Yau Yuk Yin was taken to be interested in those shares in which her spouse, Mr. Tang Ching Ho, was interested.
- (e) Ms. Yau Yuk Yin was taken to be interested in those shares by virtue of being a beneficiary of Tang's Family Trust.
- (f) Mr. Chan Chun Hong, Thomas was granted 1,300,000 share options which would be exercisable during the period from 2 January 2009 to 1 January 2013 at an exercise price of HK\$0.167 per share with vesting period as detailed in the Section headed "Share Option Scheme".
- (g) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2008 of 7,867,913,640 shares.

Save as disclosed above, as at 30 September 2008, none of the directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DISCLOSURE OF INTERESTS *(Continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

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

As at 30 September 2008, the following persons had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would that fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the ordinary shares of the Company:

Name of shareholder	Number of ordinary shares	Approximate percentage of the Company's total issued share capital (Note (g)) %
Accord Power Limited	913,893,400	11.62
Trustcorp Limited <i>(Note (a))</i>	913,893,400	11.62
Newcorp Ltd. <i>(Note (b))</i>	913,893,400	11.62
Newcorp Holdings Ltd. <i>(Note (c))</i>	913,893,400	11.62
Mr. David Henry Christopher Hill <i>(Note (d))</i>	913,893,400	11.62
Ms. Rebecca Ann Hill <i>(Note (e))</i>	913,893,400	11.62
Mr. David William Roberts <i>(Note (f))</i>	913,893,400	11.62

DISCLOSURE OF INTERESTS *(Continued)***SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)**Notes:*

- (a) Accord Power Limited is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust and accordingly, Trustcorp Limited was taken to be interested in those shares held by Accord Power Limited.
- (b) Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd. and accordingly, Newcorp Ltd. was taken to be interested in those shares in which Trustcorp Limited was interested.
- (c) Newcorp Ltd. is a wholly-owned subsidiary of Newcorp Holdings Ltd. and accordingly, Newcorp Holdings Ltd. was taken to be interested in those shares in which Newcorp Ltd. was interested.
- (d) Mr. David Henry Christopher Hill owned 35% interest in the issued share capital of Newcorp Holdings Ltd. and was therefore taken to be interested in the shares in which Newcorp Holdings Ltd. was interested.
- (e) Ms. Rebecca Ann Hill is the spouse of Mr. David Henry Christopher Hill and was therefore taken to be interested in the shares in which Mr. David Henry Christopher Hill was interested.
- (f) Mr. David William Roberts owned 35% interest in the issued share capital of Newcorp Holdings Ltd. and was therefore taken to be interested in the shares in which Newcorp Holdings Ltd. was interested.
- (g) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2008 of 7,867,913,640 shares.

Save as disclosed above, as at 30 September 2008, there were no other persons (other than the directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

Details of the movements of the share options under the Scheme during the period were as follows:

Name or category of participant	Date of grant	Number of share options					Outstanding as at 30 September 2008	Exercisable period	Exercise price per share	Price of the Company's shares at exercise date of share options**
		Outstanding as at 1 April 2008	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding as at 30 September 2008				
Executive director										
Chan Chun Hong, Thomas	2/1/2008	1,300,000	-	-	-	1,300,000	2/1/2009 – 1/1/2013*	0.1670	-	
Other employees										
In aggregate	12/11/2004	97,680,000	-	(97,680,000)	-	-	12/11/2004 – 11/11/2014	0.0485	0.0485	
	1/3/2007	374,000,000	-	-	-	374,000,000	1/3/2007 – 28/2/2017	0.1425	-	
	2/1/2008	5,850,000	-	-	-	5,850,000	2/1/2009 – 1/1/2013*	0.1670	-	
TOTAL		<u>478,830,000</u>	<u>-</u>	<u>(97,680,000)</u>	<u>-</u>	<u>381,150,000</u>				

SHARE OPTION SCHEME *(Continued)*

Notes:

* The options granted under the Scheme are vested as follows:

On 1st Anniversary:	30% vest
On 2nd Anniversary:	further 30% vest
On 3rd Anniversary:	further 40% vest

** The price of the Company's shares as at the date of exercise of the share options is the weighted average of the closing price of the shares of the Company as listed on the Stock Exchange on the trading day immediately before the date on which the share options were exercised.

During the period under review, the Board had not granted any option under the Scheme. At the balance sheet date, the Company had 381,150,000 share options outstanding under the Scheme. Upon expiry of the vesting period, the exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 381,150,000 additional ordinary shares of the Company and additional share capital of HK\$1,905,750 and share premium of HK\$52,583,300.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2008.

The Group will continue to seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2008.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2008 of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau, and is chaired by Mr. Siu Yim Kwan, Sidney.

By Order of the Board

Tang Ching Ho

Chairman

Hong Kong, 26 November 2008

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2008, together with the comparative figures for the corresponding period in 2007. These interim condensed consolidated financial statements were not audited, but have been reviewed by the Company's audit committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Notes	For the six months ended 30 September	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	3	181,789	296,413
Cost of sales		(131,028)	(232,362)
Gross profit		50,761	64,051
Other income and gains	4	22,405	17,323
Selling and distribution costs		(1,348)	(3,854)
Administrative expenses		(41,619)	(43,400)
Other expenses	5	(36,521)	(1,702)
Fair value gains/(losses) on financial assets at fair value through profit and loss		(23,640)	15,511
Fair value gains on revaluation of investment properties, net		15,767	2,382
Finance costs	6	(4,098)	(6,285)
Share of profits and losses of associates		(42,026)	6,266
PROFIT/(LOSS) BEFORE TAX	7	(60,319)	50,292
Tax	8	(10,398)	(12,547)
PROFIT/(LOSS) FOR THE PERIOD		(70,717)	37,745
ATTRIBUTABLE TO:			
Equity holders of the parent		(82,917)	37,757
Minority interests		12,200	(12)
		(70,717)	37,745
EARNINGS/(LOSS) PER SHARE	9		
Basic		(HK1.06) cents	HK0.63 cent
Diluted		N/A	HK0.56 cent
DIVIDEND PER SHARE	10	NIL	HK0.16 cent

CONSOLIDATED BALANCE SHEET

30 September 2008

		30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	11	204,449	160,884
Prepaid land lease payments		3,337	177,902
Investment properties		612,545	555,199
Goodwill		7,820	7,820
Interests in associates	13	255,881	305,825
Held-to-maturity financial assets		6,094	1,943
Other intangible assets		21,210	24,240
Loans receivable		12,739	12,989
Rental deposits paid		10,423	4,595
Deposits for the acquisition of investment properties and associates		–	35,674
Deferred tax assets		<u>4,342</u>	<u>4,342</u>
Total non-current assets		<u>1,138,840</u>	<u>1,291,413</u>
CURRENT ASSETS			
Properties held for sale		14,361	27,885
Properties under development	11	313,052	288,405
Inventories		4,305	–
Trade receivables	14	2,523	4,101
Prepayments, deposits and other receivables		40,594	43,190
Financial assets at fair value through profit or loss		23,648	45,278
Tax recoverable		883	883
Cash and cash equivalents		<u>443,208</u>	<u>330,819</u>
Total current assets		<u>842,574</u>	<u>740,561</u>

CONSOLIDATED BALANCE SHEET *(Continued)*

30 September 2008

	Notes	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	15	8,729	24,624
Other payables and accruals		82,799	128,423
Deposits received and receipts in advance		45,270	50,038
Derivative financial instruments		718	2,338
Interest-bearing bank loans		127,742	347,115
Provisions for onerous contracts		1,090	1,690
Tax payable		29,489	27,827
		<u>295,837</u>	<u>582,055</u>
Total current liabilities		<u>295,837</u>	<u>582,055</u>
NET CURRENT ASSETS		<u>546,737</u>	<u>158,506</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,685,577</u>	<u>1,449,919</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		401,672	199,118
Provisions for onerous contracts		1,960	1,960
Deferred tax liabilities		15,104	8,626
		<u>418,736</u>	<u>209,704</u>
Total non-current liabilities		<u>418,736</u>	<u>209,704</u>
Net assets		<u>1,266,841</u>	<u>1,240,215</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	16	39,339	32,051
Reserves		1,151,531	1,142,650
Proposed dividends		-	7,868
		<u>1,190,870</u>	<u>1,182,569</u>
Minority interests		<u>75,971</u>	<u>57,646</u>
Total equity		<u>1,266,841</u>	<u>1,240,215</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

	Attributable to equity holders of the parent												
	Issued share capital	Share premium account	Contributed surplus	Equity component of convertible note	Share option reserve	Exchange fluctuation reserve	Warrant reserve	Other reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2007	29,418	549,612	106,329	5,653	7,633	378	-	-	323,271	19,540	1,041,834	472	1,042,306
Final 2007 dividend declared	-	-	-	-	-	-	-	-	-	(19,540)	(19,540)	-	(19,540)
Exchange realignment recognized directly in equity	29,418	549,612	106,329	5,653	7,633	378	-	-	323,271	-	1,022,294	472	1,022,766
Profit for the period	-	-	-	-	-	21	-	-	-	-	21	-	21
	-	-	-	-	-	-	-	-	37,757	-	37,757	(12)	37,745
Total income and expense for the period	-	-	-	-	-	21	-	-	37,757	-	37,778	(12)	37,766
Conversion of convertible notes	2,640	49,712	-	(5,653)	-	-	-	-	-	-	46,699	-	46,699
Exercise of share options	189	1,588	-	-	-	-	-	-	-	-	1,777	-	1,777
Issue of warrants	-	-	-	-	-	-	4,500	-	-	-	4,500	-	4,500
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	24,402	24,402
Capital contribution from a minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	11,179	11,179
At 30 September 2007	<u>32,247</u>	<u>600,912</u>	<u>106,329</u>	<u>-</u>	<u>7,633</u>	<u>399</u>	<u>4,500</u>	<u>-</u>	<u>361,028</u>	<u>-</u>	<u>1,113,048</u>	<u>36,041</u>	<u>1,149,089</u>
At 1 April 2008	32,051	586,359	106,329	-	7,697	23,167	4,500	13,425	401,173	7,868	1,182,569	57,646	1,240,215
Final 2008 dividend declared	-	-	-	-	-	-	-	-	-	(7,868)	(7,868)	-	(7,868)
Exchange realignment recognized directly in equity	32,051	586,359	106,329	-	7,697	23,167	4,500	13,425	401,173	-	1,174,701	57,646	1,232,347
Profit/(loss) for the period	-	-	-	-	-	6,391	-	-	-	-	6,391	6,125	12,516
	-	-	-	-	-	-	-	-	(82,917)	-	(82,917)	12,200	(70,717)
Total income and expense for the period	-	-	-	-	-	6,391	-	-	(82,917)	-	(76,526)	18,325	(58,201)
Exercise of share options	488	4,249	-	-	-	-	-	-	-	-	4,737	-	4,737
Placements of shares	6,800	95,200	-	-	-	-	-	-	-	-	102,000	-	102,000
Share issue expenses	-	(2,965)	-	-	-	-	-	-	-	-	(2,965)	-	(2,965)
Disposal of a subsidiary	-	-	-	-	-	(11,077)	-	-	-	-	(11,077)	-	(11,077)
At 30 September 2008	<u>39,339</u>	<u>682,843</u>	<u>106,329</u>	<u>-</u>	<u>7,697</u>	<u>18,481</u>	<u>4,500</u>	<u>13,425</u>	<u>318,256</u>	<u>-</u>	<u>1,190,870</u>	<u>75,971</u>	<u>1,266,841</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2008*

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14,902	(183,538)
NET CASH INFLOW FROM INVESTING ACTIVITIES	83,275	53,076
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>9,517</u>	<u>(15,817)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	107,694	(146,279)
Cash and cash equivalents at beginning of period	330,819	388,584
Effect of foreign exchange rate changes, net	<u>4,695</u>	<u>—</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>443,208</u>	<u>242,305</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	92,105	88,106
Non-pledged time deposits with original maturity of less than three months when acquired	<u>351,103</u>	<u>154,199</u>
	<u>443,208</u>	<u>242,305</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2008 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time, the following new HKFRSs, which are effective for the Group’s financial year beginning on 1 April 2008.

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of these new HKFRSs had no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 Amendments	Cash Flow Hedge Accounting of Forecast Intergroup Transactions ³
HKAS 39 Amendments	The Fair Value Option ³
HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2008

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 October 2008

The Group expects that while the adoption of the HKAS 1 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group's financial statements in the period of initial applications.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SEGMENT INFORMATION

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

(a) Business segments

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

2008

Group	Property development	Property investment	Chinese wet markets	Shopping centres	Agricultural by-products wholesale markets	Trading of agricultural by-products	Unallocated corporate and others	Eliminations	Consolidated
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:									
Sales to external customers	19,246	6,972	79,303	6,158	23,993	45,612	505	-	181,789
Intersegment sales	-	-	-	-	-	-	1,122	(1,122)	-
Other revenue	-	130	1,591	87	360	-	18,310	(270)	20,208
Total	<u>19,246</u>	<u>7,102</u>	<u>80,894</u>	<u>6,245</u>	<u>24,353</u>	<u>45,612</u>	<u>19,937</u>	<u>(1,392)</u>	<u>201,997</u>
Segment results	<u>1,260</u>	<u>(16,071)</u>	<u>9,625</u>	<u>1,287</u>	<u>32,507</u>	<u>72</u>	<u>(44,892)</u>	<u>(180)</u>	<u>(16,392)</u>
Interest income									2,197
Finance costs									(4,098)
Share of profits and losses of associates									<u>(42,026)</u>
Loss before tax									(60,319)
Tax									<u>(10,398)</u>
Loss for the period									<u><u>(70,717)</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION (Continued)

2007

Group	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet markets (Unaudited) HK\$'000	Shopping centres (Unaudited) HK\$'000	Agricultural by-products wholesale markets (Unaudited) HK\$'000	Trading of agricultural by-products (Unaudited) HK\$'000	Unallocated corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:									
Sales to external customers	199,466	5,363	70,817	5,652	12,564	-	2,551	-	296,413
Intersegment sales	-	-	-	340	-	-	933	(1,273)	-
Other revenue	<u>3</u>	<u>2,381</u>	<u>1,330</u>	<u>101</u>	<u>329</u>	<u>-</u>	<u>24,636</u>	<u>(1,046)</u>	<u>27,734</u>
Total	<u>199,469</u>	<u>7,744</u>	<u>72,147</u>	<u>6,093</u>	<u>12,893</u>	<u>-</u>	<u>28,120</u>	<u>(2,319)</u>	<u>324,147</u>
Segment results	<u>29,474</u>	<u>4,725</u>	<u>6,191</u>	<u>1,929</u>	<u>(7,501)</u>	<u>-</u>	<u>1,364</u>	<u>7,116</u>	43,298
Unallocated expenses									(469)
Interest income									7,482
Finance costs									(6,285)
Share of profits of associates									<u>6,266</u>
Profit before tax									50,292
Tax									<u>(12,547)</u>
Profit for the period									<u><u>37,745</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following table presents revenue information for the Group's geographical segment for the six months ended 30 September.

	Hong Kong		Mainland China		Consolidated	
	2008	2007	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	<u>161,399</u>	<u>287,193</u>	<u>20,390</u>	<u>9,220</u>	<u>181,789</u>	<u>296,413</u>

4. OTHER INCOME AND GAINS

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	1,682	6,054
Other interest income	515	1,428
Gain on disposal of financial assets at fair value through profit or loss	396	3,129
Gain on disposal of a subsidiary (note 20(b))	11,470	–
Dividend income from listed securities	951	57
Recognition of a deferred gain	902	986
Others	6,489	5,669
	<u>22,405</u>	<u>17,323</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. OTHER EXPENSES

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss on deemed disposal of interest in an associate	31,764	–
Loss on disposal of an investment property	4,520	–
Others	237	1,702
	<u>36,521</u>	<u>1,702</u>

6. FINANCE COSTS

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes	–	1,143
Interest on bank loans and overdrafts	4,098	5,142
	<u>4,098</u>	<u>6,285</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	42,914	1,763
Cost of services provided	74,380	77,751
Cost of properties sold	13,734	152,848
Depreciation	3,008	3,925
Amortization of prepaid land lease payments	1,878	–
Amortization of other intangible assets	3,030	–
Amount released from onerous contracts, net	<u>(600)</u>	<u>(377)</u>

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere has been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current tax charge for the period:		
Hong Kong	3,636	9,941
Mainland China	284	595
Deferred	<u>6,478</u>	<u>2,011</u>
Tax charge for the period	<u>10,398</u>	<u>12,547</u>

Share of tax attributable to associates amounting to HK\$284,000 (2007: HK\$611,000) is included in "Share of profits and losses of associates" on the face of the unaudited consolidated income statement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings per share	(82,917)	37,757
Effect of dilutive potential ordinary shares	—	1,143
	<u> </u>	<u> </u>
Earnings/(loss) for the purpose of diluted earnings per share	<u><u>(82,917)</u></u>	<u><u>38,900</u></u>
Number of Shares for the six months ended 30 September		
	2008	2007
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	7,807,846,387	6,007,677,837
Effect of dilutive potential ordinary shares	—	913,140,647
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u><u>7,807,846,387</u></u>	<u><u>6,920,818,484</u></u>

A diluted loss per share amount for the period ended 30 September 2008 has not been disclosed as no diluting events existed during that period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. DIVIDENDS PAID AND DECLARED

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend declared and paid during the six month period:		
Final dividend for 2007 of HK0.1 cents per share (2006: HK0.33 cents per share)	<u>7,868</u>	<u>19,540</u>
Dividend proposed for approval:		
No interim dividend for 2008 (2007: HK0.16 cents per share)	<u>—</u>	<u>10,319</u>

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2008 (2007: HK0.16 cents per share).

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

During the six months ended 30 September 2008, the Group incurred HK\$54,522,000 (2007: HK\$12,420,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2008, the Group incurred HK\$29,400,000 (2007: HK\$6,800,000) on the additions of properties under development.

12. PLEDGE OF ASSETS

As at 30 September 2008, the Group's properties under development with an aggregate carrying value of HK\$306,700,000 (As at 31 March 2008: HK\$282,197,000), and investment properties with an aggregate carrying value of HK\$388,100,000 (As at 31 March 2008: HK\$348,900,000) and certain rental income generated therefrom were pledged to secure certain of the Group's general banking facilities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. INTERESTS IN ASSOCIATES

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Share of net assets	253,808	307,664
Deferred gains	<u>(2,418)</u>	<u>(3,320)</u>
	251,390	304,344
Due from associates – <i>Note</i>	5,381	2,362
Due to associates – <i>Note</i>	<u>(887)</u>	<u>(878)</u>
	255,884	305,828
Provisions for impairment	<u>(3)</u>	<u>(3)</u>
	<u><u>255,881</u></u>	<u><u>305,825</u></u>

Note:

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. INTERESTS IN ASSOCIATES (Continued)

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

Name	Particulars of issued capital/ registered capital	Place of incorporation/ operation	Percentage of ownership interest attributable to the Group		Principal activities
			30 September	31 March	
			2008	2008	
WYTH*	Ordinary shares of HK\$0.01 each	Bermuda/ Hong Kong	23.59	28.31	Production and sales of traditional Chinese and Western pharmaceutical, health food products and property holding
Changzhou Ling Jia Tang Hong-Jin Logistic Development Company Limited	Paid-up capital of US\$14,020,176	PRC	40	40	Agricultural by-products wholesale market

* Listed on the Stock Exchange

On 7 May 2008, Rich Time Strategy Limited ("Rich Time"), an indirect wholly-owned subsidiary of the Company, entered into a Top-up Placing and Subscription Agreement with Kingston Securities Limited (the "Placing Agent") and WYTH and pursuant to which, Rich Time agreed to place, through the Placing Agent, an aggregate of 335,004,000 existing ordinary shares of WYTH to certain private investors at a price of HK\$0.165 each (the "WYTH Top-up Placing") and subscribe conditionally for an aggregate of 335,004,000 new ordinary shares of WYTH at a price of HK\$0.165 each (the "WYTH Top-up Subscription").

The WYTH Top-up Placing and the WYTH Top-up Subscription were completed on 15 May 2008 and 19 May 2008, respectively. Upon completion of the WYTH Top-up Placing and WYTH Top-up Subscription, the Group's interests in WYTH were diluted from 28.31% to 23.59%.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. TRADE RECEIVABLES

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

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	1,989	3,948
91 days to 180 days	560	165
Over 180 days	54	76
	<u>2,603</u>	<u>4,189</u>
Less: Provision for impairment	(80)	(88)
	<u><u>2,523</u></u>	<u><u>4,101</u></u>

The Group generally grants 14 to 45 days credit period to customers for its sub-leasing business. The Group generally does not grant any credit to customers of other businesses.

15. TRADE PAYABLES

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

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within 90 days	<u><u>8,729</u></u>	<u><u>24,624</u></u>

The trade payables are non-interest bearing and have an average terms of 30 days. The carrying amount of the trade payables approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. SHARE CAPITAL

Shares

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Authorised:		
40,000,000,000 (31 March 2008: 40,000,000,000) ordinary shares of HK\$0.005 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
7,867,913,640 (31 March 2008: 6,410,233,640) ordinary shares of HK\$0.005 each	<u>39,339</u>	<u>32,051</u>

- (a) During the period, the subscription rights attaching to 97,680,000, share options were exercised at an exercise price of HK\$0.0485 per share, resulting in the issue of 97,680,000 shares of HK\$0.005 each for a total cash consideration, before expenses, of approximately HK\$4,737,000.
- (b) On 26 March 2008, Accord Power Limited ("Accord Power"), a substantial shareholder of the Company which is wholly-owned by Trustcorp Limited in its capacity as the trustee of the Tang's Family Trust, entered into a placing and subscription agreement with a placing agent and the Company and pursuant to which Accord Power agreed to place, through the placing agent, an aggregate of 900,000,000 existing ordinary shares of the Company to certain private investors at a price of HK\$0.075 each (the "Top-up Placing") and subscribe for an aggregate of 900,000,000 new ordinary shares of the Company at a price of HK\$0.075 each (the "Top-up Subscription").

The Top-up Placing and the Top-up Subscription were completed on 31 March 2008 and 2 April 2008, respectively, and the Company raised a total of HK\$67,500,000 (before expenses).

- (c) On 22 April 2008, the Company placed an aggregate of 460,000,000 new ordinary shares, through the placing agent, to certain private investors at a price of HK\$0.075 per share, raising the gross proceeds of HK\$34,500,000 (before expenses).

Share options

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. CONTINGENT LIABILITIES

At the balance sheet date, the Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employee Ordinance, with a maximum possible amount of HK\$1,318,000 (31 March 2008: HK\$799,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service of the Group in order to be eligible for long service payments under the Employment Ordinance if their employment was to be terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties, sub-leases Chinese wet markets, shopping centres, car parks and agricultural by-products wholesale markets under operating lease arrangements, with leases negotiated for terms ranging from three months to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	109,777	95,137
In the second to fifth years, inclusive	76,763	13,791
After five years	—	1,660
	<u>186,540</u>	<u>110,588</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee

The Group leases 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 had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Within one year	60,927	65,042
In the second to fifth years, inclusive	100,310	101,366
After five years	7,350	10,949
	<u>168,587</u>	<u>177,357</u>

19. COMMITMENTS

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

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Contracted, but not provided for:		
Capital expenditure on property, plant and machinery	1,738	803
Capital expenditure for properties under development	9,806	10,856
Capital expenditure for construction of investment properties in Mainland China	29,068	53,643
Acquisition of investment properties	–	49,842
Investment in an associate	–	18,787
Acquisition of associates	–	63,470
	<u>40,612</u>	<u>197,401</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	For the six months ended	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Rental income received from			
a director	(i)	492	300
Income from associates:	(ii)		
Management fee		349	282
Rental		4,022	2,261
Rental expenses paid to			
an associate	(ii)	<u>960</u>	<u>960</u>

- (i) An investment property of the Group was leased to a director of the Company, Mr. Tang Ching Ho, at an agreed monthly rental of HK\$82,000. The rentals were determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between both parties.
- (b) On 31 July 2008, the Group entered into an agreement (the "Disposal Agreement") with Joyful Leap Investments Limited ("Joyful Leap"), a wholly-owned subsidiary of LeRoi Holdings Limited (an associate of WYTH) for the disposal of the entire equity interest in Strengthen Investments Limited ("Strengthen Investments"), a wholly-owned subsidiary of the Group, and the assignment of the amount advanced by the Group to Strengthen Investments at an aggregate consideration of HK\$197,800,000. Strengthen Investments and its jointly-controlled entities have not commenced any operations other than matters in relation to obtaining a parcel of land in Fuzhou, Jiangxi Province, the PRC.

The Disposal Agreement was completed on 16 September 2008.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

	For the six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employment benefits	1,927	2,505
Post-employment benefits	40	42
	<u>1,967</u>	<u>2,547</u>

21. POST BALANCE SHEET EVENT

On 26 November 2008, Accord Power entered into a placing and subscription agreement with the placing agent and the Company, and pursuant to which Accord Power agreed to place, through the placing agent, up to 900,000,000 existing ordinary shares of the Company to not fewer than six private investors at a price of HK\$0.022 each (the "Top-up Placing") and to subscribe for up to 900,000,000 new ordinary shares of the Company at a price of HK\$0.022 each (the "Top-up Subscription"). The gross proceeds from the Top-up Subscription will be HK\$19,800,000.

On the same day, the Company entered into another placing agreement with the placing agent, and pursuant to which the Company agreed conditionally to place, through the placing agent, up to 672,600,000 new ordinary shares of the Company at a price of HK\$0.022 each (the "New Placing"). The gross proceeds from the New Placing will be approximately HK\$14,800,000.

22. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 26 November 2008.