
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Wang On Group Limited**, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

MAJOR TRANSACTION
TRANSFER OF 100% INTEREST IN STRENGTHEN INVESTMENTS LIMITED
AND ASSIGNMENT OF THE SALE LOAN

Financial adviser to the Company



CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 5 to 10 of this circular.

A notice convening the SGM to be held at 35/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Friday, 12 September 2008 at 10:30 a.m. is set out on pages 103 to 104 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

21 August 2008

* *For identification purpose only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	11
APPENDIX II – PROPERTY VALUATION	91
APPENDIX III – GENERAL INFORMATION	96
NOTICE OF THE SGM	103

DEFINITIONS

In this circular, the following expressions shall, unless the context otherwise requires, have the following meanings:

“Acquisition”	the acquisition of 50% interest in Vast Time by Strengthen Investments and Jumbo Sun, respectively, each of which is an indirect wholly-owned subsidiary of the Company and LeRoi, respectively, details of which are set out in the joint announcement dated 26 November 2007 issued jointly by the Company and LeRoi
“Additional Sale Loan”	further advance made by Suitbest of HK\$11.0 million to Strengthen Investments as at the Latest Practicable Date
“Agreement”	the conditional agreement dated 31 July 2008 entered into between Suitbest and Joyful Leap in respect of the Transfer
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration of HK\$197.8 million (as adjusted by adding thereto an amount equals to the Additional Sale Loan as at the Latest Practicable Date) payable by Joyful Leap to Suitbest under the Agreement
“Director(s)”	the director(s) of the Company
“Fuzhou Bureau of Land and Resources”	the Fuzhou Bureau of Land and Resources of the PRC (中國撫州市國土資源局)
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

* For identification purpose only

DEFINITIONS

“Joyful Leap”	Joyful Leap Investments Limited 愉躍投資有限公司, an investment holding company incorporated in the British Virgin Islands with limited liability and was indirectly wholly owned by LeRoi as at the Latest Practicable Date
“Jumbo Sun”	Jumbo Sun Investments Limited 珍日投資有限公司, a company incorporated in the British Virgin Islands with limited liability and was an indirect wholly-owned subsidiary of LeRoi as at the Latest Practicable Date
“Land”	the land of 219,540 square meters, located at Eastern of Gandong Avenue, Fuzhou, Jiangxi Province, the PRC
“Land Consideration”	the amount of consideration paid by the PRC Company to purchase the Land from Fuzhou Bureau of Land and Resources, being RMB302.5 million, pursuant to the Land Purchase Agreement
“Land Purchase Agreement”	the land grant contract dated 3 January 2008 entered into between the PRC Company and Fuzhou Bureau of Land and Resources in respect of the acquisition of the Land by the PRC Company
“Land Use Right Certificate”	the land use right certificate of the Land dated 1 February 2008 issued by Fuzhou Bureau of Land and Resources
“Latest Practicable Date”	18 August 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“LeRoi”	LeRoi Holdings Limited 利來控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“LeRoi EGM”	an extraordinary general meeting of LeRoi to be convened and held for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
“LeRoi Group”	LeRoi together with its subsidiaries
“LeRoi Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of LeRoi
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“PRC Company”	撫州宏安房地產開發有限公司(Fuzhou Wang On Property Development Co., Ltd.), a wholly-foreign owned enterprise established under the laws of the PRC and was wholly owned by Vast Time as at the Latest Practicable Date
“Sale Loan”	the amount advanced by Suitbest to Strengthen Investments, which stood at approximately HK\$195.6 million (as adjusted by adding thereto an amount equals to the Additional Sale Loan) as at the Latest Practicable Date
“Sale Share”	one share of US\$1.00 each in the share capital of Strengthen Investments owned by Suitbest, representing the entire issued share capital of Strengthen Investments
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.005 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strengthen Investments”	Strengthen Investments Limited, a company incorporated in the British Virgin Islands with limited liability and was directly wholly owned by Suitbest as at the Latest Practicable Date
“Strengthen Investments Group”	Strengthen Investments and its jointly-controlled entities
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32, Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Suitbest”	Suitbest Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and was indirectly wholly owned by the Company as at the Latest Practicable Date

DEFINITIONS

“Transfer”	the disposal of the Sale Share and the assignment of the Sale Loan by Suitbest to Joyful Leap pursuant to the Agreement
“Vast Time”	Vast Time Limited 巨時有限公司, a company incorporated in Hong Kong with limited liability and was beneficially owned as to 50% by each of Strengthen Investments and Jumbo Sun as at the Latest Practicable Date
“Vast Time Group”	Vast Time and its subsidiary
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

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

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and principal

place of business:

5/F., Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

21 August 2008

To the Shareholders and, for information only, the holders of share options

Dear Sir or Madam,

MAJOR TRANSACTION

**TRANSFER OF 100% INTEREST IN STRENGTHEN INVESTMENTS LIMITED
AND ASSIGNMENT OF THE SALE LOAN**

INTRODUCTION

On 31 July 2008, Suitbest and Joyful Leap entered into the Agreement, pursuant to which Suitbest has agreed to dispose of and Joyful Leap has agreed to purchase the Sale Share, representing the entire issued share capital of Strengthen Investments, and the Sale Loan for the Consideration.

* *For identification purpose only*

LETTER FROM THE BOARD

The Transfer constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval. As no Shareholder has an interest in the Transfer which is materially different from the other Shareholders, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with further details of the Agreement and the Transfer required under the Listing Rules together a notice convening the SGM to approve the Agreement and the transactions contemplated thereunder.

THE AGREEMENT

1. Date

31 July 2008

2. Parties

(i) Suitbest, as vendor

(ii) Joyful Leap, as purchaser

Each of Suitbest and Joyful Leap is principally engaged in investment holding.

The Company indirectly wholly owned Suitbest, and was also the substantial shareholder of WYT, holding 23.59% of its equity interest as at the Latest Practicable Date. As at the Latest Practicable Date, Suitbest wholly owned Strengthen Investments which held 50% of equity interest in Vast Time.

On the other hand, as at the Latest Practicable Date, WYT was the substantial shareholder of LeRoi holding 29.97% of its equity interest, which in turn indirectly wholly owned Joyful Leap, and which in turn wholly owned Jumbo Sun which held 50% of equity interest in Vast Time.

Based on the foregoing and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Suitbest and its ultimate shareholder, and Joyful Leap and its ultimate shareholder, are independent of each other and independent of each other's connected person(s).

3. Subject assets

The Sale Share, representing the entire issued share capital of Strengthen Investments, and the Sale Loan.

LETTER FROM THE BOARD

4. Consideration

The consideration of HK\$197.8 million for the Transfer was arrived at after arm's length negotiations between the parties to the Agreement with reference to the net asset value of the Strengthen Investments Group of approximately HK\$2.3 million, as adjusted for the market value of the Land as of 30 June 2008 as valued by an independent valuer, and the face value of the Sale Loan.

The Directors confirm that no further sale loan is expected to be made by the Group to Strengthen Investments before Completion.

Pursuant to the Agreement, the Consideration shall be paid in cash by Joyful Leap upon Completion. Joyful Leap will finance the payment of the Consideration by internal resources.

5. Conditions precedent

Completion shall be conditional on the approval of the Agreement and the transactions contemplated thereunder by both the Shareholders and the LeRoi Shareholders at the SGM and the LeRoi EGM, respectively.

The above conditions cannot be waived. In the event that the above conditions cannot be fulfilled by 30 September 2008 or such later date as the parties may agree in writing, the Agreement will lapse.

INFORMATION OF STRENGTHEN INVESTMENTS

As at the Latest Practicable Date, Strengthen Investments, which was principally engaged in investment holding, was an indirect wholly-owned subsidiary of the Group and held 50% of the issued share capital of Vast Time, the remaining 50% interest of which was beneficially owned by Jumbo Sun. The interest in Vast Time Group beneficially owned by each of the Group and the LeRoi Group was treated as jointly-controlled entity and was accounted for using proportionate consolidation as at the Latest Practicable Date.

Vast Time was incorporated in Hong Kong on 20 September 2007 and was principally engaged in investment holding. In November 2007, each of Strengthen Investments and Jumbo Sun, indirectly wholly owned by the Company and LeRoi, respectively, entered into an agreement to acquire 50% of the then issued share capital of Vast Time, respectively for an aggregate consideration of RMB22.5 million. For further details, please refer to the joint announcement dated 26 November 2007 issued jointly by the Company and LeRoi in respect of the Acquisition.

Vast Time was established for incorporating and holding the PRC Company, which was principally engaged in property development. Since the Acquisition, each of the Group and the LeRoi Group has contributed approximately HK\$180.5 million to the PRC Company via Vast Time for the purpose of the acquisition of the Land by the PRC Company. The PRC Company obtained the Land Use Right Certificate pursuant to the Land Purchase Agreement at the Land Consideration of RMB302.5 million on 1 February 2008.

LETTER FROM THE BOARD

The Land is located at Eastern of Gandong Avenue, Fuzhou, Jiangxi Province, the PRC, and has a total site area of approximately 219,540 square meters, of which approximately 473,004 square meters were approved for residential use with land use right term of 70 years, and approximately 44,803 square meters were approved for commercial use with land use right term of 40 years. The Land is currently intended to be developed into a residential cum commercial complex. The market value of the Land as of 30 June 2008 as valued by an independent professional valuer is approximately HK\$370 million. As at the Latest Practicable Date, an independent architectural firm has been appointed to prepare the master layout plans for submission to the relevant government authority for its approval.

The Strengthen Investments Group has not recorded any revenue up to the Latest Practicable Date. Based on its unaudited consolidated management account for the period from 9 May 2007, being its date of incorporation, to 31 March 2008, and the unaudited consolidated management account for the period from 1 April 2008 to 30 June 2008, the Strengthen Investments Group recorded loss of approximately HK\$11.5 million and HK\$1.1 million, respectively.

As at 30 June 2008, the Strengthen Investments Group had unaudited consolidated net liabilities of approximately HK\$1.9 million, unaudited consolidated total assets of approximately HK\$183.0 million (which mainly represented the investment in the Land) and unaudited consolidated total liabilities of approximately HK\$184.9 million (which mainly represented the amounts advanced by Suitbest as at 30 June 2008).

PRINCIPAL BUSINESS OF THE GROUP AND THE LEROI GROUP

The Group is principally engaged in development and management of agricultural by-products wholesaling business in the PRC and Hong Kong, management and sub-licensing of wet markets in the PRC and Hong Kong, property development, property investment, management and sub-licensing shopping centres in Hong Kong. It also has interests in the pharmaceutical business through its investments in WYT.

The LeRoi Group is principally engaged in the sale of fresh pork meat and related products, property investment and development in Hong Kong and the PRC.

FINANCIAL EFFECTS OF THE TRANSFER

Upon Completion, the Company expects to record a gain on disposal of approximately HK\$3.0 million (after estimated expenses) calculated with reference to the book value of the Strengthen Investments Group and the amount of the Sale Loan. The Shareholders should note that the actual gain on disposal to be recorded by the Company will depend on the net asset value of the Strengthen Investments Group and the value of the Sale Loan as at the date of Completion.

Based on the Strengthen Investments management accounts and the Consideration of HK\$197.8 million under the Agreement, immediately upon Completion, the Group's consolidated total assets will be increased by approximately HK\$3.0 million and the Group's consolidated total liabilities will remain unchanged.

LETTER FROM THE BOARD

Upon Completion, the Company will cease to have any interest in Strengthen Investments as well as the Vast Time Group and thus Strengthen Investments will no longer be consolidated into the Group's accounts.

REASONS FOR AND BENEFITS OF THE TRANSFER AND PROPOSED USE OF PROCEEDS

Even though the Directors are optimistic about the long term potential of the real estate market in Fuzhou, they consider that the Transfer will allow the Group to realise its investment in Vast Time and utilise the proceeds from the Transfer and focus its resources on other projects and potential investment in Hong Kong.

The Directors are of the view that the terms of the Transfer are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The Transfer constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval at the SGM. The Company has confirmed with Joyful Leap that none of Joyful Leap and any of its associates held any Shares as at the Latest Practicable Date. As no Shareholder has an interest in the Transfer which is materially different from the other Shareholders, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

THE SGM

Set out on pages 103 and 104 of this circular is a notice convening the SGM to be held at 35/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Friday, 12 September 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the resolution to approve the Agreement and the transactions contemplated thereunder.

A form of proxy is herewith enclosed for use at the SGM. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to Bye-law 66 (C), at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or after the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or by proxy (or in the case of a Shareholder being a corporation, by its representative duly authorised under Section 78 of the Companies Act) for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by proxy (or being a corporation, is present by a representative duly authorised under Section 78 of the Companies Act) or and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by proxy (or being a corporation, is present by a representative duly authorised under Section 78 of the Companies Act) having the right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the shares having that right; or
- (e) by any Director or Directors (including the chairman of a general meeting), who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting and if on a show of hands, such meeting votes in the opposite manner to that instructed in those proxies.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Directors recommend that the Shareholders vote in favour of the resolution for approving the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Wang On Group Limited
(宏安集團有限公司) *
Tang Ching Ho
Chairman

* *For identification purpose only*

B. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 MARCH 2008

Set out below are the audited financial statements of the Group for the two years ended 31 March 2008 which are published in the Company's annual report 2008:

Consolidated Income Statement*Year ended 31 March 2008*

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
REVENUE	5	545,882	499,488
Cost of sales		<u>(384,557)</u>	<u>(380,491)</u>
Gross profit		161,325	118,997
Other income and gains	5	97,329	37,639
Selling and distribution costs		(10,548)	(12,536)
Administrative expenses		(104,427)	(70,684)
Other expenses		(45,222)	(1,806)
Finance costs	7	(14,906)	(13,828)
Gain on disposal of subsidiaries		–	2,524
Fair value gains on revaluation of investment properties, net	16	11,383	31,548
Share of profits and losses of associates		<u>27,643</u>	<u>4,578</u>
PROFIT BEFORE TAX	6	122,577	96,432
Tax	10	<u>(25,963)</u>	<u>(13,254)</u>
PROFIT FOR THE YEAR		<u>96,614</u>	<u>83,178</u>
Attributable to:			
Equity holders of the parent	11	96,089	83,170
Minority interests		<u>525</u>	<u>8</u>
		<u>96,614</u>	<u>83,178</u>
DIVIDENDS	12		
Additional final dividend for 2006		–	126
Interim		10,319	7,073
Proposed final		<u>7,868</u>	<u>19,540</u>
		<u>18,187</u>	<u>26,739</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		<u>HK1.55 cents</u>	<u>HK1.76 cents</u>
Diluted		<u>HK1.43 cents</u>	<u>HK1.58 cents</u>

Consolidated Balance Sheet

31 March 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	14	160,884	11,985
Prepaid land lease payments	15	177,902	–
Investment properties	16	555,199	315,143
Properties under development	17	–	247,869
Goodwill	18	7,820	2,319
Interests in associates	20	305,825	321,364
Held-to-maturity financial asset	22	1,943	–
Other intangible asset	23	24,240	30,300
Loans receivable	26	12,989	13,987
Rental deposits paid	26	4,595	5,343
Deposits for the acquisition of investment properties and associates		35,674	–
Deferred tax assets	35	4,342	2,733
Total non-current assets		<u>1,291,413</u>	<u>951,043</u>
CURRENT ASSETS			
Properties held for sale	24	27,885	1,455
Properties under development	17	288,405	222,811
Trade receivables	25	4,101	6,596
Prepayments, deposits and other receivables	26	43,190	38,958
Financial assets at fair value through profit or loss	27	45,278	46,767
Tax recoverable		883	–
Pledged deposits	28	–	78,000
Cash and cash equivalents	28	330,819	388,584
Total current assets		<u>740,561</u>	<u>783,171</u>
CURRENT LIABILITIES			
Trade payables	29	24,624	23,246
Other payables and accruals	30	128,423	21,095
Deposits received and receipts in advance		50,038	81,888
Derivative financial instruments	31	2,338	–
Interest-bearing bank loans	32	347,115	389,425
Provisions for onerous contracts	33	1,690	369
Tax payable		27,827	15,876
Total current liabilities		<u>582,055</u>	<u>531,899</u>
NET CURRENT ASSETS		<u>158,506</u>	<u>251,272</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,449,919</u>	<u>1,202,315</u>

		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	32	199,118	108,799
Provisions for onerous contracts	33	1,960	–
Convertible notes	34	–	45,756
Deferred tax liabilities	35	8,626	5,454
		<u>209,704</u>	<u>160,009</u>
Total non-current liabilities		<u>209,704</u>	<u>160,009</u>
Net assets		<u>1,240,215</u>	<u>1,042,306</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	36	32,051	29,418
Equity component of convertible notes	34	–	5,653
Reserves	38(a)	1,142,650	987,223
Proposed final dividend	12	7,868	19,540
		<u>1,182,569</u>	<u>1,041,834</u>
Minority interests		<u>57,646</u>	<u>472</u>
Total equity		<u>1,240,215</u>	<u>1,042,306</u>

Consolidated Statement of Changes in Equity
Year ended 31 March 2008

		Attributable to equity holders of the parent											
		Issued	Share	Equity	Share	Exchange	Warrant	Other	Retained	Proposed	Total	Minority	Total
		share	premium	component	option	fluctuation	reserve	reserve	profits	final		interests	equity
		capital	account	of	reserve	reserve	reserve	reserve	profits	dividend	Total	interests	equity
		of	surplus	convertible	notes	notes	notes	notes	notes	notes	notes	notes	notes
		notes	notes	notes	notes	notes	notes	notes	notes	notes	notes	notes	notes
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		22,454	422,291	106,329	6,077	-	-	-	266,840	15,718	839,709	464	840,173
	12	-	-	-	-	-	-	-	(126)	(15,718)	(15,844)	-	(15,844)
		22,454	422,291	106,329	6,077	-	-	-	266,714	-	823,865	464	824,329
		-	-	-	-	-	378	-	-	-	378	-	378
		-	-	-	-	-	-	-	83,170	-	83,170	8	83,178
		-	-	-	-	-	378	-	83,170	-	83,548	8	83,556
	34, 36	180	3,822	-	(424)	-	-	-	-	-	3,578	-	3,578
	36	2,264	(2,264)	-	-	-	-	-	-	-	-	-	-
	36	(1,930)	(43,087)	-	-	-	-	-	-	-	(45,017)	-	(45,017)
	36	6,450	174,150	-	-	-	-	-	-	-	180,600	-	180,600
	36	-	(5,300)	-	-	-	-	-	-	-	(5,300)	-	(5,300)
	37	-	-	-	-	7,633	-	-	-	-	7,633	-	7,633
	12	-	-	-	-	-	-	-	(7,073)	-	(7,073)	-	(7,073)
	12	-	-	-	-	-	-	-	(19,540)	19,540	-	-	-
		29,418	549,612*	106,329*	5,653	7,633*	378*	-	323,271*	19,540	1,041,834	472	1,042,306
		-	-	-	-	-	-	-	-	(19,540)	(19,540)	-	(19,540)
		29,418	549,612	106,329	5,653	7,633	378	-	323,271	-	1,022,294	472	1,022,766
		-	-	-	-	-	22,789	-	-	-	22,789	4,056	26,845
		-	-	-	-	-	-	-	96,089	-	96,089	525	96,614
		-	-	-	-	-	22,789	-	96,089	-	118,878	4,581	123,459
	34, 36	2,640	49,712	-	(5,653)	-	-	-	-	-	46,699	-	46,699
	36	896	7,798	-	-	-	-	-	-	-	8,694	-	8,694
	36	(903)	(20,603)	-	-	-	-	-	-	-	(21,506)	-	(21,506)
		-	-	-	-	-	-	13,425	-	-	13,425	-	13,425
	39(b)	-	-	-	-	-	-	-	-	-	-	24,402	24,402
		-	-	-	-	-	-	-	-	-	-	28,191	28,191
	36	-	-	-	-	-	4,500	-	-	-	4,500	-	4,500
	36	-	(160)	-	-	-	-	-	-	-	(160)	-	(160)
	37	-	-	-	-	64	-	-	-	-	64	-	64
	12	-	-	-	-	-	-	-	(10,319)	-	(10,319)	-	(10,319)
	12	-	-	-	-	-	-	-	(7,868)	7,868	-	-	-
		32,051	586,359*	106,329*	-	7,697*	23,167*	4,500*	13,425*	401,173*	7,868	57,646	1,240,215

* These reserve accounts comprise the consolidated reserves of HK\$1,142,650,000 (2007: HK\$987,223,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 March 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		122,577	96,432
Adjustments for:			
Finance costs	7	14,906	13,828
Share of profits and losses of associates		(27,643)	(4,578)
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss	5, 6	6,663	(489)
Derivative financial instruments	6	2,338	–
Interest income from unlisted investments	5	(1,195)	(2,436)
Interest income from loans receivable	5	(1,046)	(1,376)
Bank interest income	5	(8,189)	(7,116)
Dividend income from listed securities	5	(404)	(267)
Gain on disposal a land use right	5	(62,969)	–
Gain on disposal of subsidiaries	39(c)	–	(2,524)
Recognition of a deferred gain	5	(799)	(3,769)
Gain on disposal of financial assets at fair value through profit or loss, net	5	(11,522)	(4,120)
Gain on disposal of investment properties	5	–	(8,000)
Loss on partial/deemed disposal of an associate	6	4,855	–
Impairment of trade receivables	6	–	467
Depreciation	6	7,850	5,158
Amortisation of other intangible asset	6	6,060	–
Amortisation of prepaid land lease payments	6	712	–
Amount provided/(released) for onerous contracts, net	6	3,281	(1,566)
Loss/(gain) on disposal and write-off of items of property, plant and equipment	6	51	(163)
Impairment of a land use right	5, 6	9,700	–
Impairment of goodwill	6	11,558	–
Impairment of other receivables	6	70	–
Reversal of impairment on trade receivables	25	(244)	–
Written off of trade receivables	25	(216)	–
Fair value gains on revaluation of investment properties, net	16	(11,383)	(31,548)
Equity-settled share option expense	6	64	7,633
		<u>65,075</u>	<u>55,566</u>
Decrease in inventories		–	55
Decrease in properties held for sale		211,504	129,189
Increase in properties under development		(48,354)	(166,638)
Decrease in trade receivables, prepayments, deposits and other receivables		9,723	25,075
Increase in trade payables		1,378	23,136
Increase/(decrease) in other payables and accruals		75,032	(13,774)
Decrease in deposits received and receipts in advance		<u>(31,876)</u>	<u>(2,091)</u>
Cash generated from operations		282,482	50,518
Profits tax paid		<u>(13,332)</u>	<u>(3,896)</u>
Net cash inflow from operating activities		<u>269,150</u>	<u>46,622</u>

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net cash inflow from operating activities		<u>269,150</u>	<u>46,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		9,295	7,907
Dividend income from listed securities		404	267
Interest income from unlisted investments		1,195	2,436
Increase in amounts due from associates		(2,099)	–
Increase/(decrease) in amounts due to associates		(81)	814
Acquisition of a subsidiary	<i>39(b)</i>	3,044	–
Acquisition of a jointly-controlled entity	<i>21</i>	(12,285)	(64,560)
Investment in an associate		(43,756)	–
Proceeds from disposal of a land use right		240,000	–
Proceeds from disposal of subsidiaries	<i>39(c)</i>	–	16,830
Purchases of investment properties		(201,113)	(18,642)
Purchases of property, plant and equipment		(147,034)	(3,949)
Purchases of held-to-maturity financial asset		(1,943)	–
Purchases of financial assets at fair value through profit or loss		(83,942)	(51,556)
Proceeds from disposal of investment properties		–	93,600
Proceeds from disposal of items of property, plant and equipment		1,939	1,052
Receipt of government grant		2,217	–
Prepayment of land lease payments		(345,929)	–
Proceeds from disposal of financial assets at fair value through profit or loss		90,290	80,213
Proceeds from partial disposal of an associate		96,050	–
Addition to other intangible asset		–	(30,300)
Deposits paid for the acquisition of investment properties and associates		(35,674)	–
Decrease/(increase) in pledged deposits		<u>78,000</u>	<u>(64,029)</u>
Net cash outflow from investing activities		<u>(351,422)</u>	<u>(29,917)</u>

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net cash outflow from investing activities		<u>(351,422)</u>	<u>(29,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(22,339)	(20,798)
Dividends paid		(29,859)	(22,917)
Proceeds from issue of shares upon exercise of share options	36	8,694	–
Proceeds from placements of shares	36	–	180,600
Proceeds from issue of warrants	36	4,500	–
Capital contribution from a minority shareholder of a subsidiary		28,191	–
Share issue expenses	36	(160)	(5,300)
Repurchases of shares	36	(21,506)	(45,017)
Repayment of bank loans		(380,760)	(385,804)
New bank loans		<u>428,769</u>	<u>373,500</u>
Net cash inflow from financing activities		<u>15,530</u>	<u>74,264</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(66,742)	90,969
Cash and cash equivalents at beginning of year		388,584	297,902
Effect of foreign exchange rate changes, net		<u>8,977</u>	<u>(287)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u><u>330,819</u></u>	<u><u>388,584</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	81,307	135,757
Non-pledged time deposits with original maturity of less than three months when acquired	28	<u>249,512</u>	<u>252,827</u>
		<u><u>330,819</u></u>	<u><u>388,584</u></u>

Balance Sheet

31 March 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Interests in subsidiaries	19	1,191,421	710,622
Interests in associates	20	2,089	192
Held-to-maturity financial asset	22	1,943	–
Total non-current assets		<u>1,195,453</u>	<u>710,814</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables	26	980	758
Financial assets at fair value through profit or loss	27	14,471	36,927
Pledged deposits	28	–	78,000
Cash and cash equivalents	28	224,347	312,484
Total current assets		<u>239,798</u>	<u>428,169</u>
CURRENT LIABILITIES			
Other payables and accruals	30	69,644	739
Interest-bearing bank loans	32	133,275	137,000
Total current liabilities		<u>202,919</u>	<u>137,739</u>
NET CURRENT ASSETS		<u>36,879</u>	<u>290,430</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,232,332</u>	<u>1,001,244</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	32	117,975	29,750
Convertible notes	34	–	45,756
Total non-current liabilities		<u>117,975</u>	<u>75,506</u>
Net assets		<u>1,114,357</u>	<u>925,738</u>
EQUITY			
Issued capital	36	32,051	29,418
Equity component of convertible notes	34	–	5,653
Reserves	38(b)	1,082,306	890,667
Total equity		<u>1,114,357</u>	<u>925,738</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Wang On Group Limited (the “Company”) 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 Company, its subsidiaries and its jointly-controlled entities (collectively referred to as the “Group”) were involved in the following principal activities:

- property development
- property investment
- management and sub-licensing of Chinese wet markets, shopping centres and car parks
- operations and management of agricultural by-products wholesale markets

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the 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, its subsidiaries and its jointly-controlled entities for the year ended 31 March 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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. The assets, liabilities, income and expenses of jointly-controlled entities are proportionally consolidated from the date on which joint control is established and obtained by the Group, and continue to be proportionally consolidated until the date such joint control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of a subsidiary 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 HKFRSs

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, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
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

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This 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. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/ revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 44 to the financial statements.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Group's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. This interpretation also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group's current policy for share-based payment transactions aligns with the requirements of the interpretation, the interpretation has had no effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 8	Operating Segments ¹
HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ²
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

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 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2009

HKFRS 2 has been amended to restrict the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will have impact on the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 has been revised to require a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by HKFRS 3 (revised) and HKAS 27 (revised) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HKAS 1 has been revised to introduce changes in presentation and disclosures of financial statements and does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKAS 32 and HKAS 1 Amendments have been revised to require puttable financial instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata rate of the share of the net assets of the entity only on liquidation to be classified as equity. The Group expects to adopt HKAS 32 and HKAS 1 Amendments from 1 April 2009.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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.

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.

A joint venture is treated as:

- (a) a subsidiary, if the Group 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 has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-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 interests in its jointly-controlled entities are accounted for by proportionate consolidation, which involves recognising its share of the jointly-controlled entities' assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Gain or loss arising from assets contributed or sold by the Group to its jointly-controlled entities 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 entities and the assets are retained by the jointly-controlled entities.

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 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. 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.

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 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 and jointly-controlled entities, 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. The Group performs its annual impairment test of goodwill as at 31 March.

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.

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

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.

Goodwill previously eliminated against consolidated reserves

Prior to the adoption the HKICPA's Statement of Standard Accounting Practice 30 "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 the 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, goodwill and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is 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.

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, but 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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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:

Building	5%
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 methods 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.

Construction in progress represents an agricultural by-products wholesale market under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises land costs, the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

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.

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.

Operating 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.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised 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.

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 held to maturity investments, 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 assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative is not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the 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 these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

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 less any allowance for impairment. 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.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

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.

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. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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 by adjusting the allowance account. 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 and other 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 and significant changes in the technological, market economic or legal environment that have an adverse effect on 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 has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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.

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.

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. The related interest expense is recognised within "finance costs" in the income statement.

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 less 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 initially 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.

Derivative financial instruments

The Group uses derivative financial instruments such as equity accumulator contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement.

The fair value of equity accumulator contracts is calculated by reference to equity prices of the underlying instruments.

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 that are readily convertible into known amounts of cash, 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 the Group's cash management.

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.

Provision for onerous contracts represents provision for 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.

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 goodwill or 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 interests in joint ventures, 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 interests in joint ventures, 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.

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group 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 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) 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;
- (f) on the trading of securities, on the date when the transaction takes place; and
- (g) dividend income, where the shareholders' right to receive payment has been established.

Employee benefits*Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF 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 MPF Scheme. The assets of the MPF 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 MPF Scheme.

The employees of the Group’s subsidiaries and jointly-controlled entities in Mainland China are required to participate in a central pension scheme (the “PRC Pension Scheme”) operated by the local municipal government. The subsidiaries and jointly-controlled entities are required to contribute certain percentage of their payroll costs to the PRC Pension Scheme. The only obligation of the Group with respect to the PRC Pension Scheme is to pay the ongoing contributions under the PRC Pension Scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the PRC Pension 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 37 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.

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 the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because by-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 determines 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.

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and an associate 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 entities 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 entities 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

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expense, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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.

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 2008 was HK\$7,820,000 (2007: HK\$12,037,000). More details are given in note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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 2008 was HK\$288,405,000 (2007: HK\$470,680,000) (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 leases 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 2008 was HK\$555,199,000 (2007: HK\$315,143,000) (note 16).

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses was HK\$3,062,000 (2007: HK\$2,733,000) as at 31 March 2008. Further details are contained in note 35 to the financial statements.

Allowance on trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectibility and aged analysis of the outstanding receivables and on management's estimation. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the People's Republic of China (the "PRC"). As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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 agricultural by-products wholesale markets segment engages in the operations and management of agricultural by-products wholesale markets; and
- (f) 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.

(a) 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 2008 and 2007.

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural by-products wholesale markets		Unallocated corporate and others		Eliminations		Consolidated		
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
	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	HKS'000	HKS'000	HKS'000	
Segment revenue:																	
Sales to external customers	302,998	242,242	22,826	42,090	170,742	144,048	12,893	27,262	34,395	-	2,028	43,846	-	-	545,882	499,488	
Intersegment sales	9,848	-	-	2,772	-	4,091	440	791	-	-	9,696	1,854	(19,984)	(9,508)	-	-	
Other revenue	8	7	9,614	39,945	5,600	2,616	515	1,038	4,740	379	80,358	18,773	(2,553)	(1,975)	98,282	60,783	
Total	312,854	242,249	32,440	84,807	176,342	150,755	13,848	29,091	39,135	379	92,082	64,473	(22,537)	(11,483)	644,164	560,271	
Segment results	49,565	28,205	26,590	48,472	13,478	31,028	2,283	3,688	(583)	(9,309)	11,050	7,334	(2,973)	2,089	99,410	111,507	
Unallocated expenses																-	(16,753)
Interest income																10,450	10,928
Finance costs																(14,906)	(13,828)
Share of profits and losses of associates																27,643	4,578
Profit before tax																122,577	96,432
Tax																(25,963)	(13,254)
Profit for the year																<u>96,614</u>	<u>83,178</u>
Assets and liabilities																	
Segment assets	751,325	575,474	436,214	394,268	204,092	108,870	47,072	52,488	432,077	54,028	2,462,613	2,103,447	(2,611,586)	(1,878,458)	1,721,807	1,410,117	
Interests in associates	-	-	-	-	-	-	-	-	-	-	305,825	321,364	-	-	305,825	321,364	
Deferred tax assets	3,062	2,171	244	-	1,036	562	-	-	-	-	-	-	-	-	4,342	2,733	
Total assets																<u>2,031,974</u>	<u>1,734,214</u>
Segment liabilities	570,813	317,630	292,567	222,581	203,920	131,183	15,030	17,649	352,326	68,651	1,386,003	1,247,362	(2,611,586)	(1,878,458)	209,073	126,598	
Interest-bearing bank loans	150,650	242,050	94,904	88,528	-	896	-	-	49,429	-	251,250	166,750	-	-	546,233	498,224	
Tax payable	9,433	7,173	949	478	845	3,667	210	2,026	2,079	-	14,311	2,532	-	-	27,827	15,876	
Convertible notes	-	-	-	-	-	-	-	-	-	-	-	45,756	-	-	-	45,756	
Deferred tax liabilities	-	-	8,593	5,454	-	-	-	-	-	-	33	-	-	-	8,626	5,454	
Total liabilities																<u>791,759</u>	<u>691,908</u>
Other segment information:																	
Depreciation and amortisation	796	4	12	12	6,734	3,693	11	491	6,669	6	840	952	-	-	15,062	5,158	
Impairment losses recognised in the income statement	14,925	-	-	-	-	-	70	-	-	-	6,333	-	-	-	21,328	-	
Capital expenditure	181,641	30	118,357	18,752	16,653	2,077	-	17	210,128	30,764	1,392	1,361	-	-	528,171	53,001	

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the year ended 31 March 2008 and 2007.

	Hong Kong		Mainland China		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	496,331	494,673	49,551	4,815	-	-	545,882	499,488
Other segment information:								
Segment assets	3,775,697	3,544,096	867,863	68,576	(2,611,586)	(1,878,458)	2,031,974	1,734,214
Capital expenditure	135,886	51,656	392,285	1,345	-	-	528,171	53,001

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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	
	2008	2007
	HK\$'000	HK\$'000
Revenue		
Sub-licensing fee income	145,024	155,084
Property management fee income	16,609	16,228
Sale of goods	22,606	40,092
Rendering of services	3,781	3,752
Gross rental income	43,366	10,603
Sale of properties	314,496	273,729
	<u>545,882</u>	<u>499,488</u>
Other income		
Bank interest income	8,189	7,116
Interest income from unlisted investments	1,195	2,436
Interest income from loans receivable	1,046	1,376
Dividend income from listed securities	404	267
Management fee income	2,190	1,116
Others	5,757	4,481
	<u>18,781</u>	<u>16,792</u>

	Group	
	2008	2007
	HK\$'000	HK\$'000
Gains		
Gain on disposal of a land use right	62,969	–
Gain on disposal of financial assets at fair value through profit or loss, net	11,522	4,120
Fair value gains on financial assets at fair value through profit or loss, net	–	489
Exchange gains, net	3,242	4,306
Recognition of a deferred gain	799	3,769
Gain on disposal and write-off of items of property, plant and equipment	16	163
Gain on disposal of investment properties	–	8,000
	<u>78,548</u>	<u>20,847</u>
Other income and gains	<u>97,329</u>	<u>37,639</u>
6. PROFIT BEFORE TAX		

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

		Group	
		2008	2007
	Notes	HK\$'000	HK\$'000
Auditors' remuneration		2,700	1,900
Cost of inventories sold		17,016	24,522
Cost of services provided		156,037	137,665
Cost of properties sold		211,504	218,304
Depreciation	14	8,290	5,158
Less: Government grants released [#]		(440)	–
		<u>7,850</u>	<u>5,158</u>
Minimum lease payments under operating leases for land and buildings		90,586	94,697
Amortisation of prepaid land lease payments	15	712	–
Amortisation of other intangible asset	23	6,060	–
Employee benefits expense (including directors' remuneration – note 8):			
Wages and salaries		61,920	53,907
Pension scheme contributions		2,992	1,642
Equity-settled share option expense		64	7,633
		<u>64,976</u>	<u>63,182</u>

		Group	
	Notes	2008 HK\$'000	2007 HK\$'000
Fair value losses/(gains) net:			
Financial assets at fair value through profit or loss*		6,663	(489)
Derivative financial instruments*		2,338	–
Compensation paid to a minority shareholder of a subsidiary*		9,971	–
Impairment of trade receivables*	25	–	467
Impairment of goodwill*	18	11,558	–
Impairment of a land use right*	15	9,700	–
Impairment of other receivables*		70	–
Loss on disposal of items of property, plant and equipment*		67	–
Loss on partial/deemed disposal of an associate*		4,855	–
Amount provided/(released) for onerous contracts, net	33	3,281	(1,566)
Net rental income		(8,951)	(10,480)
		<u> </u>	<u> </u>

* The expenses are included in “Other expenses” on the face of the consolidated income statement.

Certain government grants have been received for renovating and upgrading certain Chinese wet markets operated by the Group’s jointly-controlled entity in Shenzhen, the PRC. The government grants released have been deducted from the depreciation cost to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income under other payables and accruals in the balance sheet. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

		Group	
		2008 HK\$'000	2007 HK\$'000
Interest on convertible notes (note 34)		1,144	2,966
Interest on bank loans and overdrafts		24,490	21,682
		<u> </u>	<u> </u>
Total interest expense on financial liabilities not at fair value through profit or loss		25,634	24,648
Less: Interest capitalised		(10,728)	(10,820)
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008 HK\$'000	2007 HK\$'000
Fees	771	845
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	10,067	9,499
Performance related bonuses*	1,944	1,413
Employee share option benefits	12	–
Pension scheme contributions	84	81
	12,107	10,993
	12,878	11,838

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

During the year, a director was granted share options, in respect of his services to the Group, under the share option scheme of the Company, further details of which are set out in note 37 to the financial statements. The fair value of such options which has been recognised in 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 director's remuneration disclosures.

Executive directors and independent non-executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Employee share option benefits HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2008						
Executive directors:						
Mr. Tang Ching Ho	–	4,030	336	–	12	4,378
Ms. Yau Yuk Yin	–	4,094	240	–	12	4,346
Mr. Chan Chun Hong, Thomas	–	1,943	1,368	12	60	3,383
	–	10,067	1,944	12	84	12,107
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.S.I.J.	117	–	–	–	–	117
Mr. Siu Kam Chau	140	–	–	–	–	140
	771	–	–	–	–	771
	771	10,067	1,944	12	84	12,878

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Performance related bonuses <i>HK\$'000</i>	Employee share option benefits <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
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, <i>CBE, BS, FHKIE, JP</i>	313	-	-	-	-	313
Mr. Wong Chun, Justein, <i>MBE, JP</i>	240	-	-	-	-	240
Mr. Siu Yim Kwan, Sidney, <i>S.B.St.J.</i>	140	-	-	-	-	140
Mr. Siu Kam Chau	152	-	-	-	-	152
	845	-	-	-	-	845
	845	9,499	1,413	-	81	11,838

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 (2007: three) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining two (2007: two) non-director, highest paid employees for the year are as follows:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Salaries and allowances	2,199	3,043
Performance related bonuses	333	224
Employee share option benefits	4	898
Pension scheme contributions	24	24
	<u>2,560</u>	<u>4,189</u>

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

	Number of employees	
	2008	2007
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
	<u>2</u>	<u>2</u>

During the year, share options were granted to the non-director, highest paid employees, 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 37 to the financial statements. The fair value of such options which has been recognised in 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.

10. TAX

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

	2008 HK\$'000	2007 HK\$'000
Group:		
Current – Hong Kong		
Charge for the year	24,645	15,249
Overprovision in prior years	(1,297)	(2,243)
Current – PRC		
Charge for the year	1,052	137
Deferred (<i>note 35</i>)	<u>1,563</u>	<u>111</u>
Total tax charge for the year	<u>25,963</u>	<u>13,254</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before tax	122,577	96,432
Tax at the statutory tax rates of different jurisdictions	21,505	17,054
Lower tax rate for specific provinces or local authority	(997)	(207)
Adjustments in respect of current tax of previous periods	(1,297)	(2,243)
Profits and losses attributable to associates	(5,773)	(801)
Income not subject to tax	(3,240)	(5,005)
Expenses not deductible for tax	8,836	2,973
Tax losses utilised from previous periods	(3,930)	(2,605)
Tax losses not recognised	6,373	5,367
Others	4,486	(1,279)
Tax charge at the Group's effective rate	25,963	13,254

The share of tax attributable to associates amounting to HK\$864,000 (2007: HK\$361,000), is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 March 2008 includes a profit of HK\$180,187,000 (2007: profit of HK\$127,230,000) which has been dealt with in the financial statements of the Company (note 38(b)).

12. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Additional final dividend for 2006	–	126
Interim – HK0.16 cents (2007: HK0.15 cents) per ordinary share	10,319	7,073
Proposed final – HK0.10 cents (2007: HK0.33 cents) per ordinary share	7,868	19,540
	18,187	26,739

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

The dividend per ordinary share amounts for the prior year have been adjusted to reflect the bonus issue during that year and the subdivision of the Company's shares subsequent to the balance sheet date.

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 and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the share subdivision during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 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 share subdivision during the year.

The calculations of basic and diluted earnings per share amounts are based on:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in basic earnings per share calculation	96,089	83,170
Interest on convertible notes	<u>1,144</u>	<u>2,966</u>
Profit for the purpose of diluted earnings per share calculation	<u><u>97,233</u></u>	<u><u>86,136</u></u>
	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	6,205,325,115	4,728,929,492
Effect of dilution – weighted average number of ordinary shares:		
Convertible notes	219,278,689	541,288,970
Share options	<u>398,588,922</u>	<u>175,381,903</u>
	<u><u>6,823,192,726</u></u>	<u><u>5,445,600,365</u></u>

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Building	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Computer equipment	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 March 2008								
At 31 March 2007 and at 1 April 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
At 1 April 2007, net of accumulated depreciation								
At 1 April 2007, net of accumulated depreciation	-	9,321	15	629	1,370	650	-	11,985
Additions	-	15,966	289	833	1,971	548	126,268	145,875
Acquisition of a subsidiary (note 39(b))	505	-	10,388	15	163	-	898	11,969
Disposals and write-off	-	(1,860)	(46)	(77)	-	(7)	-	(1,990)
Depreciation provided during the year	(16)	(5,964)	(503)	(539)	(794)	(474)	-	(8,290)
Exchange realignment	37	424	760	12	36	-	66	1,335
At 31 March 2008, net of accumulated depreciation	526	17,887	10,903	873	2,746	717	127,232	160,884
At 31 March 2008:								
Cost	638	62,558	13,863	33,611	3,825	3,368	127,232	245,095
Accumulated depreciation	(112)	(44,671)	(2,960)	(32,738)	(1,079)	(2,651)	-	(84,211)
Net carrying amount	526	17,887	10,903	873	2,746	717	127,232	160,884

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	Leasehold		Plant and	Furniture, fixtures and office	Motor	Computer	Construction	Total
	Building	improvements	machinery	equipment	vehicles	equipment	in progress	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (<i>note 39(c)</i>)	-	(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

The leasehold land with an aggregate carrying amount of HK\$95,835,000 (2007: Nil) and included in the Group's construction in progress is held under medium term leases and situated in Mainland China.

15. PREPAID LAND LEASE PAYMENTS

Group

	2008 HK\$'000	2007 HK\$'000
Carrying amount at 1 April	–	–
Additions	181,183	–
Transfer from properties under development (<i>note 17</i>)	3,422	–
Amortisation for the year	(712)	–
Impairment	(9,700)	–
Exchange realignment	6,298	–
	<u>180,491</u>	<u>–</u>
Carrying amount at 31 March	180,491	–
Current portion included in prepayments, deposits and other receivables (<i>note 26</i>)	(2,589)	–
	<u>177,902</u>	<u>–</u>
Non-current portion	177,902	–
	<u>177,902</u>	<u>–</u>

The Group's leasehold land is situated in Hong Kong and Mainland China and is held under the following lease terms:

	2008 HK\$'000	2007 HK\$'000
Long term leases:		
– Mainland China	176,908	–
Medium term leases:		
– Hong Kong	3,337	–
– Mainland China	246	–
	<u>3,583</u>	<u>–</u>
	<u>180,491</u>	<u>–</u>

16. INVESTMENT PROPERTIES

Group

	2008 HK\$'000	2007 HK\$'000
Carrying amount at 1 April	315,143	297,500
Additions	201,113	18,752
Acquisition of a jointly-controlled entity	–	62,593
Acquisition of a subsidiary (note 39(b))	20,019	–
Disposals	–	(85,600)
Disposal of subsidiaries (note 39(c))	–	(10,200)
Net profit from a fair value adjustment (Note)	11,383	31,548
Exchange realignment	7,541	550
	<u>555,199</u>	<u>315,143</u>
Carrying amount at 31 March	<u>555,199</u>	<u>315,143</u>

Note:

Included in the net profit from a fair value adjustment is an adjustment to the revenue which amounted to HK\$82,000 (2007: Nil) and was resulted from the incentive being granted during the year.

The Group's investment properties are situated in Hong Kong and Mainland China and are held under the following lease terms:

	2008 HK\$'000	2007 HK\$'000
Long term leases:		
– Hong Kong	<u>60,600</u>	<u>31,500</u>
Medium term leases:		
– Hong Kong	319,300	220,500
– Mainland China	<u>175,299</u>	<u>63,143</u>
	<u>494,599</u>	<u>283,643</u>
	<u>555,199</u>	<u>315,143</u>

The investment properties of the Group were revalued on 31 March 2008 by Savills Valuation and Professional Services Limited, 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 41 and 43 to the financial statements.

At 31 March 2008, the Group's investment properties with an aggregate carrying value of HK\$348,900,000 (2007: HK\$252,000,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, of which approximately HK\$201,504,000 (2007: HK\$89,424,000) had been utilised as at 31 March 2008 (note 32).

Further particulars of the Group's investment properties are included on pages 121 and 122.

17. PROPERTIES UNDER DEVELOPMENT

Group

	2008 HK\$'000	2007 HK\$'000
Carrying amount at 1 April	470,680	293,222
Additions (including development cost and capitalised interest)	59,081	177,458
Transfer to prepaid land lease payments (note 15)	(3,422)	–
Transfer to properties held for sale (note 24)	(237,934)	–
	<u>288,405</u>	<u>470,680</u>
Carrying amount at 31 March		
Less: Portion classified as current assets	(288,405)	(222,811)
	<u>–</u>	<u>247,869</u>
Long term portion	–	247,869

At 31 March 2008, the Group's properties under development with an aggregate carrying value of HK\$282,197,000 (2007: HK\$449,670,000) were pledged to secure the Group's general banking facilities, of which approximately HK\$150,650,000 (2007: HK\$242,050,000) had been utilised as at 31 March 2008 (note 32).

Further particulars of the Group's properties under development are included on page 123.

18. 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 20) HK\$'000
Cost and net carrying amount:				
At 1 April 2006	4,987	–	4,987	9,718
Arising on acquisition of an interest in a jointly-controlled entity	–	1,376	1,376	–
Disposal of subsidiaries (note 39(c))	(4,044)	–	(4,044)	–
	<u>943</u>	<u>1,376</u>	<u>2,319</u>	<u>9,718</u>
At 31 March 2007 and 1 April 2007				
Arising on acquisition of a subsidiary (note 39(b))	11,444	–	11,444	–
Impairment during the year	(5,943)	–	(5,943)	(5,615)
Partial/deemed disposal of an associate	–	–	–	(4,103)
	<u>6,444</u>	<u>1,376</u>	<u>7,820</u>	<u>–</u>
At 31 March 2008				

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 amount of goodwill remaining in the consolidated reserves, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK\$21,775,000 (2007: HK\$21,775,000) as at 31 March 2008.

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;
- Agricultural by-products wholesale markets 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		Agricultural by-products wholesale markets		Associates – pharmaceutical products		A jointly-controlled entity – Shenzhen traditional wet markets		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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	6,444	-	-	9,718	1,376	1,376	7,820	12,037

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.

An impairment loss of HK\$943,000 (2007: Nil) was recognised during the year due to the completion of respective property projects and management did not expect the relevant subsidiaries will further generate positive cashflow to the Group.

Agricultural by-products wholesale markets cash-generating unit

The recoverable amount of the agricultural by-products wholesale markets 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 16%.

An impairment loss of HK\$5,000,000 (2007: Nil) was recognised during the year due to higher than expected capital expenditure required to modernise the agricultural by-products wholesale markets of the relevant subsidiary.

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 covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 16% (2007: 5%).

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 range from 13% to 16% (2007: 11% to 15%) and cash flows beyond the five-year period are extrapolated using a zero growth rate (2007: zero), which do not exceed the estimated long term average growth rates of the relevant markets.

An impairment loss of HK\$5,615,000 (2007: Nil) was recognised during the year due to the increase in market competition and operating expenses which affect adversely the future growth and profits of the Group's pharmaceutical products business.

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.

19. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	71,000	71,000
Due from subsidiaries – <i>Note (i)</i>	1,441,026	1,047,377
Loans to subsidiaries – <i>Note (ii)</i>	20,529	80,481
Due to subsidiaries – <i>Note (i)</i>	<u>(230,258)</u>	<u>(190,412)</u>
	1,302,297	1,008,446
Impairment – <i>Note (iii)</i>	<u>(110,876)</u>	<u>(297,824)</u>
	<u>1,191,421</u>	<u>710,622</u>

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 (2007: HK\$15,878,000) and Nil (2007: HK\$48,657,000) which bear interest at 3% and 1.5%, respectively over the best lending rate per annum offered by banks, the balances are interest-free. The carrying amounts of the loans to subsidiaries approximate to their fair values.
- (iii) The impairment relates primarily to amounts due from subsidiaries and loans to subsidiaries that had suffered losses for years or ceased operations. The reversal of impairment during the year was due to some of the relevant subsidiaries are expected by the management to generate positive cashflow and profit to the Group based on their current year's performance and latest budgets.

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

Name	Place of incorporation/ operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
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
Easy Kingdom Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
Extra Power Limited	Hong Kong	Ordinary HK\$1	–	100	Money lending
Fulling Limited	Hong Kong	Ordinary HK\$100	–	100	Money lending and securities investment
First World Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Goodtech Management Limited	Hong Kong	Ordinary HK\$2,800,100	–	100	Management of shopping centres
Grand Quality Development Limited	Hong Kong	Ordinary HK\$2	–	100	Property investment
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
Kova Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
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
Mailful Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	–	100	Investment holding

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

Name	Place of incorporation/ operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
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
Poly Talent 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 Hing Fruits and Vegetables Wholesale Limited	Hong Kong	Ordinary HK\$1	–	100	Wholesale of agricultural products
Wang Hing Vegetables Wholesale Company Limited	Hong Kong	Ordinary HK\$100	–	51	Wholesale of agricultural products
Wang On Agricultural Wholesale (HK) Limited	Hong Kong	Ordinary HK\$1	–	100	Wholesale of agricultural products
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
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 (<i>Note 3</i>) HK\$1,262,523	–	100	Property investment

Name	Place of incorporation/ operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Willing Dental Consultants Limited	Hong Kong	Ordinary HK\$100	–	100	Provision of dental consultation services
Xuzhou Yuan Yang Trading Development Company Limited	PRC	RMB61,220,000	–	51	Management and sub-licensing of agricultural by-products wholesale market
Yulin Hong-Jin Agricultural By-products Wholesale Marketplace Limited	PRC	RMB76,230,000	–	65	Management and sub-licensing of agricultural by-products wholesale market

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.

20. INTERESTS IN ASSOCIATES

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets	307,664	319,474	–	–
Deferred gains	(3,320)	(7,129)	–	–
Goodwill on acquisition (<i>note 18</i>)	–	9,718	–	–
	304,344	322,063	–	–
Due from associates – <i>Note (i)</i>	2,362	263	2,089	219
Due to associates – <i>Note (i)</i>	(878)	(959)	–	(27)
	305,828	321,367	2,089	192
Provision for impairment	(3)	(3)	–	–
	<u>305,825</u>	<u>321,364</u>	<u>2,089</u>	<u>192</u>
Market value of listed shares at 31 March – <i>Note (ii)</i>	<u>98,161</u>	<u>212,105</u>	<u>N/A</u>	<u>N/A</u>

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\$106,697,000 at the date of approval of these financial statements.

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

Name	Particulars of issued shares/ registered capital	Place of incorporation/ operations	Percentage of ownership interest attributable to the Group		Principal activities
			2008	2007	
WYTH* (<i>Note 2</i>)	Ordinary shares of HK\$0.01 each	Hong Kong	28.31	49	Production and sale 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	–	Agricultural by-products wholesale market

Notes:

- (1) The above table lists the associates 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 member firms of the Ernst & Young global network.

* *Listed on the Stock Exchange*

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements/management accounts:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Assets	1,375,285	792,911
Liabilities	(364,152)	(135,213)
Revenue	477,021	381,266
Profit	<u>81,392</u>	<u>9,895</u>

21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

Particulars of the jointly-controlled entities are as follows:

Name	Paid-up registered capital/nominal value of issued share capital	Place of registration/incorporation	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shenzhen Jimao Market Co., Limited	RMB31,225,000	PRC	50	50	50	Operations and management of traditional wet markets
Vast Time Limited	HK\$1,000	Hong Kong	50	50	50	Investment holding
Fuzhou Wang On Property Development Co., Ltd.	RMB340,000,000	PRC	50	50	50	Property development

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets	245,906	68,649
Current assets	11,267	2,098
Current liabilities	<u>(6,054)</u>	<u>(5,485)</u>
Net assets	<u>251,119</u>	<u>65,262</u>
Total revenue	16,844	3,476
Total expenses	<u>(12,129)</u>	<u>(2,462)</u>
Profit for the year	<u>4,715</u>	<u>1,014</u>

On 23 November 2007, the Group entered into an acquisition agreement with an independent third party for the acquisition of an 50% equity interest in Vast Time Limited ("Vast Time") at a consideration of RMB11,250,000 (equivalent to HK\$12,285,000).

Vast Time and its subsidiary have not commenced any operations as at the date of acquisition saved for obtaining the right to acquire a parcel of land in Fuzhou, the PRC.

22. HELD-TO-MATURITY FINANCIAL ASSET

	Group and Company	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Unlisted debt investment, at amortised cost	<u>1,943</u>	<u>–</u>

23. OTHER INTANGIBLE ASSET

	Group Marketplace operating right	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Carrying amount at 1 April	30,300	–
Addition	–	30,300
Amortisation for the year	<u>(6,060)</u>	<u>–</u>
Carrying amount at 31 March	<u>24,240</u>	<u>30,300</u>

24. PROPERTIES HELD FOR SALE

	Group	
	2008 HK\$'000	2007 HK\$'000
Carrying amount at 1 April	1,455	135,634
Transfer from properties under development (<i>note 17</i>)	237,934	–
Sale	<u>(211,504)</u>	<u>(134,179)</u>
Carrying amount at 31 March	<u>27,885</u>	<u>1,455</u>

At 31 March 2008, the Group's properties held for sale with an aggregate carrying value of HK\$10,334,497 (2007: Nil) were pledged to secure the Group's general banking facilities of which approximately HK8,400,000 (2007: Nil) had been utilised as at 31 March 2008 (*note 32*).

Further particulars of the Group's properties held for sale are included on page 123.

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			
	2008		2007	
	HK\$'000	Percentage	HK\$'000	Percentage
Within 90 days	3,948	94	6,278	88
91 days to 180 days	165	4	441	6
Over 180 days	<u>76</u>	<u>2</u>	<u>425</u>	<u>6</u>
	4,189	<u>100</u>	7,144	<u>100</u>
Less: impairment	<u>(88)</u>		<u>(548)</u>	
	<u>4,101</u>		<u>6,596</u>	

The Group generally grants 15 to 30 days credit period to customers for its sub-leasing business. The Group generally does not grant any credit to customers of other businesses.

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.

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at 1 April	548	636
Impairment losses reversed	(244)	–
Impairment losses recognised	–	467
Amount written off as uncollectible	(216)	(555)
	<u>88</u>	<u>548</u>
Balance at 31 March	<u>88</u>	<u>548</u>

The above provision for impairment of trade receivables is related to individually impaired trade receivables, the customers of which were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Neither past due nor impaired	2,116	6,140
Less than 90 days past due	1,832	138
91 – 180 days past due	138	275
Over 180 days past due	15	43
	<u>4,101</u>	<u>6,596</u>
	<u>4,101</u>	<u>6,596</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayments	7,600	3,336	771	430
Prepaid land lease payments (<i>note 15</i>)	2,589	–	–	–
Deposits	19,369	11,329	162	100
Other receivables	15,053	25,954	47	228
Loans receivable, secured	23,565	24,719	–	–
Loans receivable, unsecured	120	402	–	–
	<u>68,296</u>	<u>65,740</u>	<u>980</u>	<u>758</u>
Less: Impairment	<u>(7,522)</u>	<u>(7,452)</u>	<u>–</u>	<u>–</u>
	60,774	58,288	980	758
Less: Loans receivable classified as non-current assets	(12,989)	(13,987)	–	–
Rental deposits classified as non-current assets	<u>(4,595)</u>	<u>(5,343)</u>	<u>–</u>	<u>–</u>
	<u>43,190</u>	<u>38,958</u>	<u>980</u>	<u>758</u>

Included in the Group's deposits are amounts due from the Group's associate of HK\$160,000 (2007: HK\$ Nil).

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.

As at 31 March 2008, certain loans receivable and other receivables are secured by contra deposits of HK\$2,232,000 received by the Group and a retail shop located in Mongkok, Kowloon, Hong Kong.

Included in the above provision for impairment of other receivables and loans receivable are provision for individually impaired receivables of HK\$7,522,000 (2007: HK\$7,452,000) with an aggregate carrying amount of HK\$9,833,000 (2007: HK\$10,446,000). The individually impaired other receivables related to customers or debtors that were in financial difficulties and only portion secured by cash deposit received and property are expected to be recovered.

Other than the aforementioned impaired other receivables, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed equity investments, at fair value:				
Hong Kong	27,882	24,721	8,915	15,416
Elsewhere	9,819	5,868	5,556	5,333
Unlisted debt securities, at fair value	7,577	16,178	–	16,178
	<u>45,278</u>	<u>46,767</u>	<u>14,471</u>	<u>36,927</u>

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\$31,742,000 and HK\$12,934,000, respectively.

The effective interest rate of the unlisted debt securities was 6% (2007: 5% to 7%), and they mature in 20 years (2007: 4 to 10 years).

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	81,307	135,757	6,129	86,457
Time deposits	249,512	330,827	218,218	304,027
	330,819	466,584	224,347	390,484
Less: Pledged time deposits	–	(78,000)	–	(78,000)
Cash and cash equivalents	<u>330,819</u>	<u>388,584</u>	<u>224,347</u>	<u>312,484</u>

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 bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

29. TRADE PAYABLES

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

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 90 days	24,624	23,246

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

30. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Other payables (<i>Note</i>)	114,298	11,077	67,542	688
Accruals	14,125	10,018	2,102	51
	128,423	21,095	69,644	739

Note: Included in other payables was subscription monies of approximately HK\$65,470,000 received for the Top-up Subscription discussed in note 36(e) to financial statements.

Other payables are non-interest-bearing and there are generally no credit terms. The carrying amounts of the other payables approximate to their fair values.

31. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Stock accumulator contracts	2,338	-

32. INTEREST-BEARING BANK LOANS

Group	Contractual interest rate (%)	2008		2007		
		Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current:						
Bank loans – secured	HIBOR+ (0.85 – 1.625)/ P – (2.25 – 3.15)	2009	244,240	HIBOR+ (0.91 – 1.625)	2008	364,425
Bank loans – unsecured	HIBOR+ (0.85 – 1.625)	2009	102,875	HIBOR+ (1.0 – 1.625)	2008	25,000
			<u>347,115</u>			<u>389,425</u>
Non-current:						
Bank loans – secured	HIBOR+ (0.85 – 1.0) P – (2.25 – 3.15)/	2009-2025	165,743	HIBOR+ (0.91-1.625)/ P – 2.25	2008-2025	108,799
Bank loans – unsecured	HIBOR+ (0.85 – 1.0)	2009-2022	33,375			–
			<u>199,118</u>			<u>108,799</u>
			<u>546,233</u>			<u>498,224</u>
Company						
Company	Contractual interest rate (%)	2008		2007		
		Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current:						
Bank loans – secured	HIBOR+ (0.85 – 1.0)	2009	30,400	HIBOR+ (1.0 – 1.625)	2008	112,000
Bank loans – unsecured	HIBOR+ (0.85 – 1.625)	2009	102,875	HIBOR+ (1.3 – 1.425)	2008	25,000
			<u>133,275</u>			<u>137,000</u>
Non-current:						
Bank loans – secured	HIBOR+ (0.85 – 1.0)	2009-2023	84,600	HIBOR+ (1.0 – 1.625)	2008 – 2011	29,750
Bank loans – unsecured	HIBOR+ (0.85 – 1.0)	2009-2022	33,375			–
			<u>117,975</u>			<u>29,750</u>
			<u>251,250</u>			<u>166,750</u>

	Group		Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Analysed into:				
Bank loans repayable:				
Within one year	347,115	389,425	133,275	137,000
In the second year	42,483	20,871	35,500	16,250
In the third to fifth years, inclusive	74,122	40,687	70,475	13,500
Beyond five years	82,513	47,241	12,000	–
	<u>546,233</u>	<u>498,224</u>	<u>251,250</u>	<u>166,750</u>

Notes:

- (a) Certain bank loans of the Group and the Company are secured by the Group's investment properties and certain rental income generated therefrom (note 16), properties under development (note 17) and properties held for sale (note 24).

In addition, the Company has guaranteed certain of the Group's bank loans up to HK\$577,371,000 (2007: HK\$483,162,000) as at the balance sheet date.

- (b) All bank loans of the Group and the Company bear interest at floating interest rates.
- (c) The carrying amounts of the bank loans of the Group and of the Company approximate to their fair values.

33. PROVISIONS FOR ONEROUS CONTRACTS

	Group	
	2008	2007
	HK\$'000	HK\$'000
Carrying amount at 1 April	369	1,935
Additional provision/(write-back of provision)	3,650	(688)
Amount utilised during the year	<u>(369)</u>	<u>(878)</u>
Carrying amount at 31 March	3,650	369
Portion classified as current liabilities	<u>(1,690)</u>	<u>(369)</u>
Long term portion	<u>1,960</u>	<u>–</u>

34. CONVERTIBLE NOTES

	Group and Company	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Convertible notes	–	45,756

In 2005, the Company issued 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\$0.005 each of the Company on any business day prior to the maturity of the convertible notes at a conversion price of HK\$0.0909 per share (as adjusted after the bonus issue of the Company in prior year and subdivision of shares 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.

All the convertible notes outstanding as at 1 April 2007 were converted into shares of the Company (note 36) during the year.

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2006	46,860	6,077
Interest expense (<i>note 7</i>)	2,966	–
Interest paid	(492)	–
Conversion of convertible notes	(3,578)	(424)
Balance at 31 March and 1 April 2007	45,756	5,653
Interest expense (<i>note 7</i>)	1,144	–
Interest paid	(201)	–
Conversion of convertible notes	(46,699)	(5,653)
Balance at 31 March 2008	–	–

35. DEFERRED TAX

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

Deferred tax liabilities

Group	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation gain of investment properties HK\$'000	Total HK\$'000
At 1 April 2006	798	2,374	3,172
Deferred tax charged to the income statement during the year (<i>note 10</i>)	335	1,947	2,282
At 31 March and 1 April 2007	1,133	4,321	5,454
Deferred tax charged to the income statement during the year (<i>note 10</i>)	388	2,784	3,172
Deferred tax liabilities at 31 March 2008	1,521	7,105	8,626

Deferred tax assets

Group	Depreciation in excess of related depreciation allowance HK\$'000	Provision for onerous contracts HK\$'000	Revaluation loss of investment properties HK\$'000	Losses available for offset against future taxable profit HK\$'000	Total HK\$'000
At 1 April 2006	–	–	–	562	562
Deferred tax credited to the income statement during the year (<i>note 10</i>)	–	–	–	2,171	2,171
At 31 March and 1 April 2007	–	–	–	2,733	2,733
Deferred tax credited to the income statement during the year (<i>note 10</i>)	397	639	244	329	1,609
Deferred tax assets at 31 March 2008	397	639	244	3,062	4,342

The Group has tax losses arising in Hong Kong of approximately HK\$61,524,000 (2007: HK\$47,729,000) 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.

At 31 March 2008, there was no significant unrecognised deferred tax liability (2007: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or jointly-controlled entities 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.

36. SHARE CAPITAL

Shares

	2008 HK\$'000	2007 HK\$'000
Authorised:		
40,000,000,000 (2007: 2,000,000,000) ordinary shares of HK\$0.005 (2007: HK\$0.10) each	200,000	200,000
Issued and fully paid:		
6,410,233,640 (2007: 294,178,882) ordinary shares of HK\$0.005 (2007: HK\$0.10) each	32,051	29,418

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

- (a) The subscription rights attaching to 1,887,600 and 141,504,000 share options were exercised at the subscription prices of HK\$0.97 and HK\$0.0485, respectively, per share (note 37), resulting in the issue of 1,887,600 shares of HK\$0.10 each and 141,504,000 shares of HK\$0.005 each, respectively for a total consideration, before issue expenses, of HK\$8,694,000.
- (b) Pursuant to an ordinary resolution passed on 17 May 2007, the existing issued and unissued ordinary shares with the nominal value of HK\$0.10 each in the share capital of the Company were subdivided into 20 ordinary shares with the nominal value of HK\$0.005 each.
- (c) During the year, the conversion rights attaching to the convertible notes issued by the Company with an aggregate nominal value of HK\$48,000,000 were exercised at the conversion price of HK\$0.0909 per share, resulting in the issue of 528,000,000 shares of HK\$0.005 each.

- (d) During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
Jan to Feb 2008	180,600,000	0.152	0.108	21,506

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

- (e) 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 Top-up Placing and Subscription Agreement with Kingston Securities Limited (the “Placing Agent”) and the Company and pursuant to which, Accord Power agreed to place, through the Placing Agent, an aggregate of 900 million 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 million 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 Group raised a total of HK\$67,500,000 (before expenses) (note 45(a)).

- (f) 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 a total of HK\$34,500,000 (before expenses) (note 45(b)).

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 2006	224,544,439	22,454	422,291	444,745
Conversion of convertible notes	1,800,000	180	3,822	4,002
Bonus issue	22,634,443	2,264	(2,264)	–
Repurchases of shares	(19,300,000)	(1,930)	(43,087)	(45,017)
Placements of shares	64,500,000	6,450	174,150	180,600
Share issue expenses	–	–	(5,300)	(5,300)
At 31 March and 1 April 2007	294,178,882	29,418	549,612	579,030
Exercise of share options (a)	143,391,600	896	7,798	8,694
Subdivision of shares (b)	5,625,263,158	–	–	–
Conversion of convertible notes (c)	528,000,000	2,640	49,712	52,352
Repurchases of shares (d)	(180,600,000)	(903)	(20,603)	(21,506)
Share issue expenses	–	–	(160)	(160)
At 31 March 2008	6,410,233,640	32,051	586,359	618,410

Share options

Details of the Company's share option scheme are set out in note 37 to the financial statements.

Warrants

On 15 May 2007, the Company entered into a warrant agreement (the "Warrant Agreement") with Lehman Brothers Commercial Corporation Asia Limited and pursuant to which the Company agreed to issue a total of 10 million warrants attaching the rights to subscribe for 10 million ordinary shares (before the share subdivision as discussed in note 36(b) above) of the Company for a total warrants' issue price of HK\$4,500,000.

The Warrant Agreement was completed on 31 May 2007 and a total of 200 million warrants (adjusted for the effect of the share subdivision as discussed in note 36(b) above) attaching the rights to subscribe for 200 million ordinary shares of the Company were issued.

No warrants was exercised during the year and all the 200 million warrants were outstanding at 31 March 2008. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 200 million additional shares of HK\$0.005 each.

37. 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.

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.

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:

	2008		2007	
	Weighted average exercise price <i>HK\$</i> <i>per share</i>	Number of options <i>'000</i>	Weighted average exercise price <i>HK\$</i>	Number of options <i>'000</i>
At 1 April	2.0502	32,547	1.0670	12,588
Adjustment arising from bonus issue	–	–	–	1,259
Adjustment arising from subdivision of shares	–	582,525	–	–
Granted during the year	0.1670	7,150	2.8500	18,700
Exercised during the year	0.0606	<u>(143,392)</u>	–	<u>–</u>
At 31 March	0.1237	<u>478,830</u>	2.0502	<u>32,547</u>

The exercise prices and exercise periods of the share options outstanding as at that balance sheet date are as follows:

2008

Number of options <i>'000</i>	Exercise price* <i>HK\$</i> <i>per share</i>	Exercise period
97,680	0.0485	12/11/2004 to 11/11/2014
374,000	0.1425	1/3/2007 to 28/2/2017
<u>7,150</u>	0.1670	2/1/2009 to 1/1/2013
<u>478,830</u>		

2007

Number of options '000	Exercise price* HK\$ per share	Exercise period
13,847	0.9700	12/11/2004 to 11/11/2014
<u>18,700</u>	2.8500	1/3/2007 to 28/2/2017
<u><u>32,547</u></u>		

* *The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.*

The fair value of the share options granted during the year was HK\$467,000 (2007: HK\$7,633,000) of which the Group recognised a share option expense of HK\$64,000 (2006: HK\$7,633,000) during the year ended 31 March 2008.

The fair value of equity-settled share options granted in the current 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 2008:

	2008	2007
Expected dividend yield (%)	1.00	4.73
Expected volatility (%)	57.00	23.29
Risk-free interest rate (%)	2.60 - 3.10	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.

The 143,391,600 share options exercised during the year resulted in the issue of 143,391,600 ordinary shares of the Company and new share capital of HK\$896,000 and share premium of HK\$7,798,000 (before issue expenses), as further detailed in note 36 to the financial statements.

At the balance sheet date, the Company had 478,830,000 (2007: 32,546,800) 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 478,830,000 (2007: 32,546,800) additional ordinary shares of the Company and additional share capital of HK\$2,394,000 (2007: HK\$3,255,000) and share premium of HK\$56,832,000 (2007: HK\$63,472,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 584,982,964 share options available for issue under the Scheme which represented approximately 7.4% of the Company's shares in issue as at that date.

38. 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 32 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 18 to the financial statements.

(b) Company

		Share premium account	Contributed surplus (Note)	Share option reserve	Warrant reserve	Retained profits	Proposed final dividend	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006		422,291	121,364	-	-	92,027	15,718	651,400
Final 2006 dividend declared	12	-	-	-	-	(126)	(15,718)	(15,844)
Conversion of convertible notes	36	3,822	-	-	-	-	-	3,822
Bonus issue	36	(2,264)	-	-	-	-	-	(2,264)
Repurchases of shares	36	(43,087)	-	-	-	-	-	(43,087)
Placements of shares	36	174,150	-	-	-	-	-	174,150
Share issue expenses	36	(5,300)	-	-	-	-	-	(5,300)
Equity-settled share option arrangements	37	-	-	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 and 1 April 2007		549,612	121,364	7,633	-	192,518	19,540	890,667
Final 2007 dividend declared		-	-	-	-	-	(19,540)	(19,540)
Conversion of convertible notes	36	49,712	-	-	-	-	-	49,712
Issue of warrants	36	-	-	-	4,500	-	-	4,500
Exercise of share options	36	7,798	-	-	-	-	-	7,798
Repurchases of shares	36	(20,603)	-	-	-	-	-	(20,603)
Share issue expenses	36	(160)	-	-	-	-	-	(160)
Equity-settled share option arrangements	37	-	-	64	-	-	-	64
Profit for the year		-	-	-	-	180,187	-	180,187
Interim 2008 dividend	12	-	-	-	-	(10,319)	-	(10,319)
Proposed final 2008 dividend	12	-	-	-	-	(7,868)	7,868	-
At 31 March 2008		<u>586,359</u>	<u>121,364</u>	<u>7,697</u>	<u>4,500</u>	<u>354,518</u>	<u>7,868</u>	<u>1,082,306</u>

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's 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.

39. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transaction

During the year, all the outstanding convertible notes with a face value of HK\$48,000,000 (2007: HK\$3,600,000) were converted into 528,000,000 (2007: 1,800,000) new shares of the Company.

(b) Acquisition of a subsidiary

Pursuant to the Shareholder Agreement dated 6 January 2007 entered into between the Group and the existing shareholders of Xuzhou Yuan Yang Trading Development Company Limited ("Xuzhou Yuan Yang"), the Group injected capital amounting to RMB35.7 million into Xuzhou Yuan Yang and obtained a 51% stake in the enlarged capital of Xuzhou Yuan Yang (the "Capital Injection"). Xuzhou Yuan Yang is principally engaged in the development, operation and management of an agricultural by-products wholesale market and related facilities, and rental of properties.

The Capital Injection was completed in August 2007 and Xuzhou Yuan Yang became a 51%-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Xuzhou Yuan Yang as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

		2008	
	<i>Notes</i>	Fair value recognised on acquisition	Carrying amount
		<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets acquired:			
Property, plant and equipment	<i>14</i>	11,969	11,776
Investment properties	<i>16</i>	20,019	19,678
Trade receivables		201	201
Other receivables		6,429	6,429
Cash and cash equivalents		39,886	39,886
Other payables and accruals		(28,704)	(28,704)
		49,800	49,266
Minority interests		(24,402)	
Goodwill on acquisition	<i>18</i>	11,444	
		36,842	
Satisfied by cash		36,842	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2008
	<i>HK\$'000</i>
Cash consideration	(36,842)
Cash and bank balances acquired	<u>39,886</u>
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u><u>3,044</u></u>

Since its acquisition, Xuzhou Yuan Yang contributed HK\$11,913,000 to the Group's turnover and HK\$4,091,000 to the consolidated profit for the year ended 31 March 2008.

There would have been no significant differences to the Group's consolidated profit for the year had the acquisition taken place at the beginning of the year.

(c) Disposal of subsidiaries

	<i>Notes</i>	2007
		<i>HK\$'000</i>
Net assets disposed of:		
Property, plant and equipment	<i>14</i>	180
Investment properties	<i>16</i>	10,200
Inventories		10
Trade receivables		43
Deposits and other receivables		1,339
Cash and cash equivalents		1,978
Trade and other payables		(1,315)
Tax payable		(195)
Dividends payable		<u>(633)</u>
		11,607
Goodwill released on disposal	<i>18</i>	4,044
Gain on disposal of subsidiaries		<u>2,524</u>
		<u><u>18,175</u></u>
Satisfied by:		
Cash		18,200
Expenses incurred		<u>(25)</u>
		<u><u>18,175</u></u>

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

	2007
	<i>HK\$'000</i>
Cash consideration	18,200
Dividends received	633
Expenses incurred	(25)
Cash and cash equivalents disposed of	<u>(1,978)</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>16,830</u></u>

40. CONTINGENT LIABILITIES

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

(a) **Company**

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given to financial institutions in connection with facilities granted to subsidiaries	<u>577,371</u>	<u>483,162</u>

- (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\$799,000 (2007: HK\$714,000) as at 31 March 2008, 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.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16), 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 had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	95,137	64,937
In the second to fifth years, inclusive	13,791	88,835
After five years	1,660	12,430
	110,588	166,202
	110,588	166,202

(b) As lessee

The Group leases certain 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:

	Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	65,042	110,710
In the second to fifth years, inclusive	101,366	91,551
After five years	10,949	-
	177,357	202,261
	177,357	202,261

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41(b) above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Capital expenditure on property, plant and equipment	803	–
Capital expenditure for properties under development	10,856	31,693
Capital expenditure for construction of investment properties in Mainland China	53,643	–
Acquisition of investment properties	49,842	–
Investment in a subsidiary	–	39,190
Investment in an associate	18,787	–
Acquisition of a subsidiary	–	36,218
Acquisition of associates	63,470	–
	<u>197,401</u>	<u>107,101</u>

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

43. 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

	<i>Notes</i>	2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income received from a director	<i>(i)</i>	802	600
Income from associates:	<i>(ii)</i>		
Management fee		996	996
Rental		1,657	1,044
Management fee income from companies that were significantly influenced by an executive director of the Company	<i>(ii)</i>	960	–
Rental expenses paid to an associate	<i>(ii)</i>	1,920	1,845
		<u>1,920</u>	<u>1,845</u>

Notes:

- (i) Certain investment properties of the Group were leased to a director at an agreed monthly rental range from HK\$50,000 to HK\$82,000 (2007: HK\$50,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related parties.

- (b) On 7 January 2008, the Group entered into an agreement (the “Land Disposal Agreement”) with Joyful Leap Investments Limited (“Joyful”), a wholly-owned subsidiary of LeRoi Holdings Limited (an associate of WYTH and significantly influenced by an executive director of the Company), for the disposal of the entire equity interest in Brightest Investments Limited (“Brightest Investments”), a wholly-owned subsidiary of the Group, at an aggregate consideration of HK\$240 million. Brightest Investments and its subsidiaries (collectively the “Disposal Group”) are established by the Group solely for the purpose of acquiring a parcel of land in Dongguan (the “Dongguan Land”) from the Dongguan Bureau of Land and Resources and have not commenced any operations other than matters in relation to obtaining the right to acquire the Dongguan Land.

The Land Disposal Agreement was completed on 10 January 2008 when the Disposal Group obtained the land use right certificate of the Dongguan Land.

- (c) Details of the Group’s balances with associates as at the balance sheet date are disclosed in note 20 to the financial statements.

(d) **Compensation of key management personnel of the Group**

	2008 HK\$'000	2007 HK\$'000
Short term employment benefits	4,172	5,509
Post-employment benefits	75	82
	<u>4,247</u>	<u>5,591</u>

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

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, 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.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group’s accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax (through the impact on floating rate borrowings). There is no material impact on other components of the Group’s equity.

	Group	Increase/ (decrease) in profit before tax <i>HK\$'000</i>
	Increase/ (decrease) in basis points	
2008		
Hong Kong dollar	100	(4,968)
Renminbi	100	(499)
Hong Kong dollar	(100)	4,968
Renminbi	(100)	499
2007		
Hong Kong dollar	100	(4,982)
Hong Kong dollar	<u>(100)</u>	<u>4,982</u>

Foreign currency risk

The Group has minimal transactional currency exposure arising from sales or purchases by operating units in currencies other than the units' functional currency, and hence it does not have any foreign currency hedging policies.

Part of the Group's turnover and operating expenses are denominated in Renminbi ("RMB"), which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries and jointly-controlled entities to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries and jointly-controlled entities may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries and jointly-controlled entities may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries and jointly-controlled entities' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Group	
	Increase/ (decrease) in basis points rate %	Increase/ (decrease) in profit before tax HK\$'000
2008		
If Euro strengthens against HK\$	17.058	1,750
If Euro weakens against HK\$	(17.058)	(1,750)
If HK\$ strengthens against RMB	9.023	3,989
If HK\$ weakens against RMB	(9.023)	(3,989)
2007		
If GBP strengthens against HK\$	8.734	1,199
If GBP weakens against HK\$	(8.734)	(1,199)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy 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 Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, financial assets at fair value through profit or loss, amounts due from associates, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 25 and 26 respectively, to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and convertible notes.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	2008				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
	Interest-bearing bank loans	358,552	48,224	83,327	
Trade payables (note 29)	24,624	–	–	–	24,624
Other payables (note 30)	114,298	–	–	–	114,298
	<u>497,474</u>	<u>48,224</u>	<u>83,327</u>	<u>93,621</u>	<u>722,646</u>
	2007				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
	Convertible notes	–	48,200	–	
Interest-bearing bank loans	403,517	22,916	43,208	47,618	517,259
Trade payables (note 29)	23,246	–	–	–	23,246
Other payables (note 30)	11,077	–	–	–	11,077
	<u>437,840</u>	<u>71,116</u>	<u>43,208</u>	<u>47,618</u>	<u>599,782</u>

The maturity profile of the Company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	2008				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
	Interest-bearing bank loans	138,342	39,157	75,419	
Due to subsidiaries (note 19)	–	–	–	230,258	230,258
	<u>138,342</u>	<u>39,157</u>	<u>75,419</u>	<u>247,761</u>	<u>500,679</u>
	2007				Total HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	
	Convertible notes	–	48,200	–	
Interest-bearing bank loans	139,693	17,029	14,486	–	171,208
Due to subsidiaries (note 19)	–	–	–	190,412	190,412
	<u>139,693</u>	<u>65,229</u>	<u>14,486</u>	<u>190,412</u>	<u>409,820</u>

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 27) as at 31 March 2008. The Group's listed investments are listed on the Hong Kong, London, Paris, Tokyo and Singapore stock exchanges and are valued at quoted market prices at the balance sheet date.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the balance sheet date, and their respective highest and lowest points during the year were as follows:

	31 March 2008	High/low 2008	31 March 2007	High/low 2007
Hong Kong – Hang Seng Index	22,849	31,650/19,904	19,801	20,951/15,205
London – FTSE 100	5,702	6,752/5,414	6,308	6,435/5,467
Paris – CAC 40 Index	4,707	6,168/4,417	5,634	5,772/4,565
Tokyo – Nikkei 225	12,526	18,297/11,691	17,288	18,300/14,046
Singapore – Straits Times Index	3,007	3,831/2,746	3,231	3,236/2,252

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date.

	Carrying amount of equity investments HK\$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in profit before tax HK\$'000
2008			
Investments held-for-trading listed in:			
Hong Kong	27,882	54	15,140
Hong Kong	27,882	(54)	(15,140)
London	2,338	15	355
London	2,338	(15)	(355)
Paris	1,925	23	441
Paris	1,925	(23)	(441)
Singapore	5,556	22	1,203
Singapore	5,556	(22)	(1,203)

	Carrying amount of equity investments <i>HK\$'000</i>	Increase/ (decrease) in equity price %	Increase/ (decrease) in profit before tax <i>HK\$'000</i>
2007			
Investments held-for-trading listed in:			
Hong Kong	24,721	27	6,623
Hong Kong	24,721	(27)	(6,623)
London	2,243	10	229
London	2,243	(10)	(229)
Tokyo	536	14	74
Tokyo	536	(14)	(74)
Singapore	3,089	36	1,098
Singapore	3,089	(36)	(1,098)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital. The Group's policy is to maintain the gearing ratio not exceeding 40%. Net debt is calculated as a total of interest-bearing bank borrowings and liability component of convertible notes, less cash and cash equivalents (including pledged deposits). Capital includes equity attributable to equity holders of the parent (including the equity component of convertible notes). The gearing ratios as at the balance sheet dates were as follows:

	Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest-bearing bank borrowings (<i>note 32</i>)	546,233	498,224
Liability component of convertible notes (<i>note 34</i>)	–	45,756
Less: Cash and cash equivalents (<i>note 28</i>)	(330,819)	(466,584)
Net debt	<u>215,414</u>	<u>77,396</u>
Equity attributable to equity holders	<u>1,182,569</u>	<u>1,041,834</u>
Gearing ratio	<u>18.2%</u>	<u>7.4%</u>

45. POST BALANCE SHEET EVENTS

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

- (a) On 26 March 2008, Accord Power entered into a Top-up Placing and Subscription Agreement with the Placing Agent and the Company and pursuant to which Accord Power agreed to subscribe for an aggregate of 900 million new ordinary shares of the Company at a price of HK\$0.075 each (the “Top-up Subscription”).

The Top-up Subscription was completed on 2 April 2008 and the Company raised a total of HK\$67,500,000 (before expenses) (*note 36(e)*).

- (b) On 22 April 2008, the Company placed an aggregate of 460 million new ordinary shares, through the Placing Agent, to certain private investors at a price of HK\$0.075 per share pursuant to the agreement entered into between the Company and the Placing Agent on 26 March 2008 and raised a total of HK\$34.5 million (before expenses) (*note 36(f)*).

- (c) 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 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%.

46. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the new and revised HKFRSs during the current year, certain comparative amounts have been adjusted to conform with the current year’s presentation and to show separately comparative amounts in respect of items disclosed for the first time in 2008.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 July 2008.

FINANCIAL AND TRADING PROSPECTS

The Group endeavors to develop businesses closely related to the daily life of the general public. Its businesses of property development, Chinese wet markets management and agricultural by-products wholesaling, and its investment in the pharmaceutical business are all people-oriented so as to meet the food, accommodation and healthcare needs of consumers.

The Group is beginning to see fruit of its agricultural by-products wholesale market business and expects to see further expansion in the revenue base of such business following the completion of Yulin Wholesale Market phase 1 in 2008. In recent years, food supply has become an important topic worldwide. The Group will continue to develop its agricultural by-products wholesale and related businesses in the future so as to maintain stable cash inflow through this business segment. Since 2004, the Chinese government has planned to implement standardised and regulated agricultural by-products wholesale markets, and encouraged foreign investors to participate in the construction and reconstruction of the agricultural by-products wholesale markets. Due to its close relations with the daily life of the general population, plus government policies on agriculture, rural areas and the rural population, the agricultural by-products wholesale industry has gained full support from the PRC government with promising prospects. The Group will continue to seek investment opportunities in other provinces and cities so as to further expand the Group's agricultural by-products wholesale market business. The Group also intends to develop "one-stop" management services from plantation, wholesaling to sales so as to further expand its source of income as well as fully utilise the existing established Chinese wet markets management business as a retail platform.

It is expected that, the property market in Hong Kong continues to see steady improvement. Driven by factors such as low interest rates and a stable economy development, prices of residential housing have grown steadily. The Group will continue to launch high quality residential projects and meanwhile, actively seek further property development and investment opportunities to generate maximum investment returns for the Shareholders.

INDEBTEDNESS

As at the close of business on 30 June 2008, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding bank loan of approximately HK\$517,411,000, HK\$473,911,000 of which was secured by the Group's investment properties and certain rental income generated therefrom, properties under development and properties held for sale.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 30 June 2008, the Group did not have any other debt securities issued and outstanding or authorized or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

WORKING CAPITAL STATEMENT

After due and careful enquiry, the Directors are of the opinion that after taking into account the financial resources and banking facilities available to the Group, its internal generated funds and the estimated net proceeds of the Transfer, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

The following is the text of a letter and valuation certificate, prepared for inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation as of 30 June 2008 of the property of Wang On Group Limited.



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

Savills Valuation and
Professional Services Limited

23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2501 5590

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

EA LICENCE: C-023750
savills.com

21 August 2008

Dear Sirs

RE: A PARCEL OF LAND, EAST OF EXTENSION OF GANDONG AVENUE, FUZHOU, JIANGXI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with your instructions for us to value the property situated in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the property as at 30 June 2008 for inclusion in circulars issued respectively by Wang On Group Limited and LeRoi Holdings Limited (the "Companies").

Our valuation of the property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller on an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint venture, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal land use fee has been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owner of the property has enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired term as granted.

In the course of our valuation, we have valued the property by using direct comparison approach by making reference to the comparable market transactions as available in the market assuming sales with the benefit of immediate vacant possession.

We have been provided with copies of extracts of title documents relating to the property. However, we have not inspected the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Companies and your legal advisers, Guang Dong Han Cheng Law Firm, regarding the titles to the property.

We have relied to a very considerable extent on information given by the Companies and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, ownership, identification of the property, site area and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made. We have had no reason to doubt the truth and accuracy of the information provided to us by the Companies which is material to our valuation. We have also advised by the Companies that no material facts have been omitted from the information provided.

We have inspected the property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited and Valuation Standards on Properties (First Edition) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars.

We enclose herewith our valuation certificate.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited

Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: Charles C K Chan, MSc, FRICS, FHKIS, MCI Arb, RPS (GP), has been a qualified valuer and has about 24 years' experience in the valuation of properties in Hong Kong and has about 19 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2008
A parcel of land, East of Extension of Gandong Avenue, Fuzhou, Jiangxi Province, PRC	<p>The property comprises a parcel of formed vacant land with a site area of approximately 219,540.00 sq.m. (2,363,129 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 2 January 2078 for residential (commercial) uses.</p>	The property is currently a cleared and levelled site.	HK\$370,000,000

Notes:

- Pursuant to the Contract for Grant of State-owned Land Use Rights entered into between State Land Resources Bureau of Fuzhou (the "Grantor") and Fuzhou Wang On Property Development Company Limited (撫州宏安房地產開發有限公司) ("Fuzhou Wangon") on 3 January 2008, the Grantor agreed to grant the land use rights of a parcel of land (Lot No. P(2007)23) to Fuzhou Wangon at a consideration of RMB302,500,000.
- Pursuant to two Construction Project Planning and Design Condition Letters Fu Gui Yong Di Tiao Jian [2007] Nos. 45 and 47 issued by Fuzhou Urban Planning Bureau on 27 June 2007 and 2 July 2007 respectively, the salient planning conditions of the property are, inter alia, summarized as follow:

Planning Condition Letter	Fu Gui Yong Di Tiao Jian [2007] No. 45	Fu Gui Yong Di Tiao Jian [2007] No. 47
Site area:	197,085.18 sq.m.	22,451.50 sq.m.
Usage:	Residential (commercial)	Commercial (residential)
Prot ratio:	2.4	2.0
Construction density:	22%	30%
Green ratio:	35%	35%

- Pursuant to the State-owned Land Use Right Certificate Fu Guo Yong (2008) No. 050004 issued in 2008, the land use rights of a parcel of land with site area of 219,540.00 sq.m. were granted to Fuzhou Wangon for a term expiring on 2 January 2078 for residential (commercial) uses.

4. Pursuant to the Planning Permit for Construction Land [2008] Fu Cheng Gui Di Zi No. 05 issued on 23 January 2008, Fuzhou Wangon is permitted to proceed the procedure of grant of land use rights of the property with a site area of 329.31 mu.
5. We have been provided with a legal opinion on the title to the property issued by the Group's legal advisers, which contains, inter alia, the following information:
 - (i) Fuzhou Wangon has acquired the land use rights of the property through an auction held on 29 October 2007 and has fully settled the total land premium of RMB302,500,000;
 - (ii) Fuzhou Wangon has acquired the State-owned Land Use Right Certificate and the Planning Permit for Construction Land of the property; and
 - (iii) Fuzhou Wangon is entitled to transfer, lease or mortgage the land use rights of the property without payment of any land grant fee or premium if the uses of the land are remain unchanged.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares or underlying Shares

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

* The percentages shown were based on the 7,867,913,640 Shares in issue as at the Latest Practicable Date.

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 the 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.

(b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, no person (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

(i) Long Positions in the Shares

Name of Shareholder	Number of Shares	Approximate percentage of the Company's total issued share capital*
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%

* The percentages shown were based on the 7,867,913,640 Shares in issue as at the Latest Practicable Date.

Notes:

- (a) Accord Power Limited is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust. Accordingly, Trustcorp Limited was taken to be interested in those Shares held by Accord Power Limited.
- (b) Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd. 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 those Shares in which Newcorp Holdings Ltd. was interested.
- (e) Ms. Rebecca Ann Hill is taken to be interested in those Shares in which her spouse, 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 those Shares in which Newcorp Holdings Ltd. was interested.

(ii) Interests in a subsidiary of the Company

Name of Subsidiary	Name	Capacity	Shareholding percentage
Wang Hing Vegetables Wholesale Company Limited	Lam Mei Ki	Beneficial Owner	49%

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation).

4. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letters or advice contained in this circular:

Name	Qualification
Savills Valuation and Professional Services Limited ("Savills")	Professional Property Valuer

Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Savills was not beneficially interested in the share capital of the Company or any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to the Company or any member of the Group since 31 March 2008, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim which is in the opinion of the Directors of material importance and no litigation or claim which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, as at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules if the Directors were controlling Shareholders.

7. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed herein, the Directors confirm that there was no contract or arrangement subsisting as at the Latest Practicable Date in which a Director was materially interested which was significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 March 2008, being the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered by members of the Group after the date falling two years prior to the issue of this circular and up to the Latest Practicable Date and which are or may be material:

- (a) The Agreement.
- (b) A top-up placing and top-up subscription agreement entered into between Rich Time Strategy Limited ("Rich Time"), an indirect wholly-owned subsidiary of the Company, Kingston Securities Limited (the "Placing Agent") and WYT on 7 May 2008 in connection with the placing of an aggregate of 335,004,000 shares of WYT held by Rich Time to independent third parties at a price of HK\$0.165 per share.

- (c) A top-up placing and top-up subscription agreement entered into between Accord Power Limited (“Accord Power”), a substantial shareholder of the Company, the Placing Agent and the Company on 26 March 2008 in connection with the placing of an aggregate of 900 million Shares at a price of HK\$0.075 per Share. The net proceeds of approximately HK\$65.3 million were raised.
- (d) A placing agreement entered into between the Company and the Placing Agent on 26 March 2008 in connection with the placing of an additional 460 million Shares at a price of HK\$0.075 per Share. The net proceeds of approximately HK\$33.6 million were raised.
- (e) A sale and purchase agreement entered into between Joyful Leap and Suitbest on 7 January 2008 in connection with the sale and purchase of the entire issued share capital of Brightest Investments Limited and the assignment of a loan of approximately HK\$177.3 million at an aggregate consideration of HK\$240 million.
- (f) A sale and purchase dated 23 November 2007 entered into between Jumbo Sun, its guarantor, Strengthen Investments, its guarantor, an independent third party and its guarantor to purchase 50% of the issued share capital of Vast Time at a consideration of RMB11.25 million.
- (g) A conditional agreement entered into between Well Victory Investments Limited, a then wholly-owned subsidiary of the Company, and an independent third party in the PRC as the joint venture partner on 16 November 2007 in connection with the formation of a sino-foreign joint venture company for development, operations and management of agricultural by-products wholesaling marketplace and related facilities, and sale and rental of properties in Zhengzhou, the PRC. A termination notice was served by the Group on the joint venture partner for certain conditions could not be fulfilled as scheduled.
- (h) A conditional agreement entered into between Makwin Investment Limited, an indirect wholly-owned subsidiary of the Company, and independent third parties on 3 July 2007 in connection with the acquisition of a 20% equity interest in each of the three companies established in the PRC engaging in the wholesaling of agricultural by-products for an aggregate cash consideration of HK\$73,470,000. A deposit of HK\$10 million was paid upon signing of the agreement.
- (i) A placing agreement entered into between Rich Time and DBS Asia Capital Limited on 11 June 2007 in connection with the placing of an aggregate of 210 million shares of WYT held by the Group to independent third parties at a price of HK\$0.46 per share.
- (j) An agreement entered into between the Company and Lehman Brothers Commercial Corporation Asia Limited (“Lehman Brothers”) on 15 May 2007 in connection with the issue of a total of 200 million unlisted warrants to Lehman Brothers entitling the holder thereof the right to subscribe for 200,000,000 subdivided Shares of the Company of HK\$0.005 each at a subscription price of HK\$0.34 per Share (as adjusted). The net proceeds of HK\$4.0 million were raised.

- (k) A shareholder agreement entered into between Mega Day Limited, an indirect wholly-owned subsidiary of the Company, and certain independent parties in the PRC on 24 April 2007 in connection with the formation of a joint venture company, namely Changzhou Ling Jia Tang Wang Jin Development Company Limited (“Changzhou Ling Jia Tang”) for developing an agricultural by-products wholesaling marketplace and ancillary facilities in Changzhou. The registered capital of Changzhou Ling Jia Tang amounts to US\$20 million, to which Mega Day Limited will contribute US\$8 million.
- (l) A top-up placing and subscription agreement entered into between Accord Power, the Placing Agent and the Company on 13 March 2007 in connection with the placing of an aggregate of 53 million shares of HK\$0.10 each at a price of HK\$2.8 per share. The net proceeds of approximately HK\$144.2 million were raised.
- (m) A placing agreement entered into between the Company and the Placing Agent on 13 March 2007 in connection with the placing of an additional 11.5 million new shares of HK\$0.10 each at a price of HK\$2.8 per share. The net proceeds of approximately HK\$31.1 million were raised.
- (n) An agreement entered into between Wang On Commercial Management Limited, an indirect wholly-owned subsidiary of the Company, and All Access Limited on 26 January 2007 in connection with the disposal of the entire issued share capital of Greatest Wealth Limited and the assignment of a shareholder’s loan for a total consideration of HK\$8 million.
- (o) An agreement entered into between Suitbest and Garwell Investments Limited on 26 January 2007 in connection with the disposal of the entire issued share capital of Allied Victory Investment Limited and the assignment of a shareholder’s loan for a total consideration of HK\$10.2 million.
- (p) A shareholder agreement entered into between Fully Wealth Investment Limited, an indirect wholly-owned subsidiary of the Company, and certain independent parties in mainland China on 26 January 2007, in connection with the injection of capital amounting to RMB35,700,000 in a PRC domestic enterprise, namely Xuzhou Yuan Yang Trading Development Company Limited, which is principally engaged in the development, operations and management of an agricultural by-products wholesaling marketplace and related facilities, and the rental of properties.
- (q) An agreement entered into between Century Choice Limited, an indirect wholly-owned subsidiary of the Company, and 玉林市市場開發服務中心 (Yulin Market Development Service Centre[#]) on 8 December 2006 in connection with the formation of a 40-year 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.
- (r) A formal sale and purchase agreement entered into between Regal Smart Investment Limited, an indirect wholly-owned subsidiary of the Company, and Shenzhen Agricultural Products Co. Ltd. on 22 November 2006, in connection with the acquisition of a 50% equity interest in Shenzhen Jimao Market Company Limited for a cash consideration of approximately RMB65 million.

[#] denotes English translation of the name of the Chinese company or entity or address and is provided for identification purpose only.

Save as disclosed above, none of the members of the Group had entered into any contracts after the date falling two years prior to the issue of this circular and up to the Latest Practicable Date which are not in the ordinary course of business and which are or may be material in nature.

10. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Ms. Mak Yuen Ming, Anita. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The qualified accountant of the Company is Mr. Leong Weng Kin, CPA.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any business day (excluding public and statutory holidays and Saturdays), from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the letter from the Board, the text of which is set out on pages 5 to 10 of this circular;
- (c) the Agreement;
- (d) the material contracts referred to in the section headed "Material contracts" in this appendix;
- (e) the annual reports of the Company for the two years ended 31 March 2007 and 2008;
- (f) the written consent of the expert referred to in the section headed "Expert and consent" in this appendix;
- (g) the valuation report issued by Savills as set out in Appendix II to this circular; and
- (h) the circular issued by the Company dated 26 May 2008 in relation to the discloseable transactions regarding top-up placing and top-up subscription of shares in WYT.

NOTICE OF THE SGM



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Wang On Group Limited (宏安集團有限公司)* (the “**Company**”) will be held at 35/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Friday, 12 September 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the conditional agreement dated 31 July 2008 entered into between Suitbest Investments Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, and Joyful Leap Investments Limited 愉躍投資有限公司 (the “**Purchaser**”) (the “**Agreement**”) (a copy of which is tabled at this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification), pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to dispose of, the entire issued share capital of Strengthen Investments Limited and transfer the loan advanced by the Vendor to Strengthen Investments Limited, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed, and any director of the Company, or (if affixation of the common seal of the Company is required) any two directors of the Company, be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she/they may in his/her/their absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Agreement as he/she/they may in his/her/their absolute discretion consider necessary or desirable.”

By Order of the Board
Wang On Group Limited
(宏安集團有限公司)*
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 21 August 2008

* *For identification purpose only*

NOTICE OF THE SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal

place of business:

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding of the special general meeting or any adjournment thereof.
- (3) Completion and delivery of the form of proxy will not preclude members from attending and voting at the special general meeting or any adjournment thereof (as the case may be) and in such event, the form of proxy will be deemed to be revoked.