



LeRoi

LeRoi Holdings Limited

利來控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock Code: 221)*

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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Chan Chun Hong, Thomas,  
*Chairman and Managing Director*  
Mr. Cheung Wai Kai  
Mr. Wong Yiu Hung, Gary

### *Independent Non-executive Directors*

Mr. Sin Ka Man  
Mr. Yuen Kam Ho, George, *FHKIoD*  
Mr. Cheung Sau Wah, Joseph, *PMSM*

## AUDIT COMMITTEE

Mr. Sin Ka Man, *Chairman*  
Mr. Yuen Kam Ho, George, *FHKIoD*  
Mr. Cheung Sau Wah, Joseph, *PMSM*

## REMUNERATION COMMITTEE

Mr. Cheung Sau Wah, Joseph, *PMSM*, *Chairman*  
Mr. Sin Ka Man  
Mr. Yuen Kam Ho, George, *FHKIoD*  
Mr. Chan Chun Hong, Thomas  
Mr. Cheung Wai Kai

## NOMINATION COMMITTEE

Mr. Yuen Kam Ho, George, *FHKIoD*, *Chairman*  
Mr. Cheung Sau Wah, Joseph, *PMSM*  
Mr. Sin Ka Man  
Mr. Chan Chun Hong, Thomas  
Mr. Cheung Wai Kai

## COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

## QUALIFIED ACCOUNTANT

Mr. Tsang Wai Keung

## LEGAL ADVISERS

Kirkpatrick & Lockhart Preston Gates Ellis  
Mallesons Stephen Jaques

## AUDITORS

HLB Hodgson Impey Cheng  
Chartered Accountants  
Certified Public Accountants  
31/F, Gloucester Tower  
The Landmark, 11 Pedder Street  
Central  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL BANKERS

China Construction Bank Corporation

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## HOMEPAGE

[www.leroiholdings.com](http://www.leroiholdings.com)

## STOCK CODE

221

## Interim Dividend

The board of directors (the "Board") of LeRoi Holdings Limited (the "Company") does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: Nil).

## Management Discussion and Analysis

### FINANCIAL REVIEW

For the six months ended 30 September 2008, the Company and its subsidiaries (the "Group") recorded a turnover of approximately HK\$34.2 million (2007: approximately HK\$20.5 million), representing an increase of approximately 66.8% as compared to the corresponding period last year, which was mainly due to the significant increase in the sales of fresh pork and related produce and in the rental income from investment properties.

The net loss attributable to equity holders increased to HK\$53.6 million (2007: approximately HK\$9.2 million), which was mainly attributable to the decrease in the market value of investment properties and two pieces of lands in the People's Republic of China (the "PRC").

### BUSINESS REVIEW

For the six months ended 30 September 2008, the Group recorded a turnover in the retailing of fresh pork and related produce of approximately HK\$30.9 million, representing an increase of approximately 53.7% as compared to the corresponding period last year. This was mainly attributable to the increase in the number of retail outlets and in the retailing unit price.

The retailing of fresh pork and related produce generated steady income and cash flow for the Group during the period under review. It is expected that such business will continue to be profitable and will continue to contribute significant income to the Group.

The Group continued to acquire investment properties in Hong Kong during the period under review. As at the date of this report, the Group had a portfolio of 54 investment properties in Hong Kong. During the period under review, rental income from its investment properties provided steady cash flow for the Group.

On 31 July 2008, the Group entered into an agreement to acquire for a consideration of HK\$197.8 million a company which holds an effective 50% equity interest in a PRC company, with the other 50% already held by the Group. The PRC company owns a land site of approximate 2.4 million square feet in Fuzhou, Jiangxi Province, the PRC. It is intended that the land will be developed into a residential cum commercial complex. Such acquisition represented an expansion of the Group's property development business in the PRC and has given the Group full ownership over the development which is expected to benefit from the continuing economic development of Fuzhou.

# Management Discussion and Analysis *(Continued)*

## **BUSINESS REVIEW** *(Continued)*

On 30 October 2008, the Group entered into a conditional agreement to purchase approximately 27.14% of the issued share capital of the Hong Kong Stock Exchange main board listed China Agri-Products Exchange Limited (“China Agri-Products”) for a consideration of HK\$150 million. Completion of the acquisition is expected to take place immediately upon fulfillment of all conditions precedent. As businesses involved in agricultural products provide essential services for the 1.3 billion population in the PRC, and in light of the increasing income levels of households in the PRC and the favourable government policies on agriculture, the Directors believe that there is significant up-side potential in the investment in this company.

### *Future Plans and Prospects*

As a niche player focused on improving the rental returns from its investment properties in Hong Kong and the profitability of its business in the retailing of fresh pork and related produce, we are well positioned to benefit from the growing opportunities in these sectors.

Despite the current sluggish market, the Group is optimistic about the long-term growth prospects of the PRC, and expects the property market there to continue to prosper in the long run, particularly in second-tier cities. The Group will continue to seek further investment opportunities to strengthen our foothold in the PRC property development market.

### *Liquidity and Financial Resources*

As at 30 September 2008, the Group had net current assets of approximately HK\$198.4 million (31 March 2008: approximately HK\$418.6 million) with current ratio at approximately 14.7 (31 March 2008: 42.1). The current assets mainly comprised time deposits and cash at banks of approximately HK\$186.2 million.

The Group’s gearing ratio was 3.0% as at the balance sheet date (31 March 2008: Nil), based on the interest-bearing debts, net of bank deposits and cash balances, to the net assets.

The Group has exposure to the risk of RMB exchange rate fluctuations on account of its property investments in the PRC. The Group has not employed any hedging instruments as the market for hedging instruments is either unavailable or not cost effective enough to be attractive. In order to minimise the exchange rate risk, the Group makes use of local bank borrowings in RMB to finance the PRC construction projects and will utilise the proceeds from the sales of residential and commercial projects to repay such bank borrowings.

## **Management Discussion and Analysis** *(Continued)*

### **EMPLOYEES**

As at 30 September 2008, the Group had approximately 56 employees, all of whom were located in Hong Kong. The employees are remunerated based on their work performance and experience and prevailing industry practice. The Group operates a Mandatory Provident Fund Scheme for those employees in Hong Kong who are eligible to participate.

### **CONTINGENT LIABILITIES**

As at 30 September 2008, the Group had no significant contingent liability.

## **Disclosure of Interests**

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

As at 30 September 2008, none of the Directors or chief executive of the Company, nor their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

## Disclosure of Interests *(Continued)*

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

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

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

<b>Name of shareholder</b>	<b>Number of shares or underlying shares</b>	<b>Approximate percentage of the Company's total issued share capital (Note 2)</b>
		%
Gain Better Investments Limited ("Gain Better") (Note 1)	3,888,333,333	50.55
Wai Yuen Tong Medicine Holdings Limited ("WYT") (Note 1)	3,888,333,333	50.55

Notes:

- (1) *Gain Better is an indirect wholly-owned subsidiary of WYT. 1,583,333,333 underlying shares of the Company are issuable upon exercise of the conversion right attaching to the convertible bonds at a conversion price of HK\$0.12 per share (subject to adjustment), issued by the Company on 5 October 2007 with an aggregate principal amount of HK\$190,000,000.*
- (2) *The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2008 of 7,691,500,000 shares.*

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

## Share Option Scheme

The Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme including the Company's directors (including the independent non-executive directors), other employees of the Group, suppliers of goods or services to the Group, and the customers of the Group. The Scheme became effective on 8 October 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme will expire on 7 October 2012.

During the six months ended 30 September 2008, the Board did not granted any share option under the Scheme to the directors or eligible employees of the Group to subscribe for shares in the Company and as at 30 September 2008, there was no outstanding share options under the Scheme.

## Corporate Governance and Other Information

### CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had adopted the principles and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2008 except for the following deviation:

#### *Code provision A.2.1*

Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Immediately following the resignation of Mr. Hung Man Sing as the chairman and executive director of the Company on 2 June 2008, Mr. Chan Chun Hong, Thomas, who was appointed as managing director of the Company on 5 January 2007, was also appointed to take up the role of the chairman in addition to his existing role of managing director of the Company.

Mr. Chan currently takes up the roles of chairman and managing director and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. Mr. Chan has extensive experience in the industry which is of great value to overall development of the Company. The Company does not propose to comply with code provision A.2.1 for the time being as the Board considers that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group. The current structure also allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing competitive environment.



## **Corporate Governance and Other Information** *(Continued)*

### **CORPORATE GOVERNANCE PRACTICES** *(Continued)*

The Group will continue to review and recommend such other proposals, as appropriate, in respect of such non-compliance or other aspects in order to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

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

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

### **AUDIT COMMITTEE**

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2008 of the Group. The audit committee comprises the three independent non-executive directors of the Company, namely Messrs. Sin Ka Man, Yuen Kam Ho, George and Cheung Sau Wah, Joseph, and is chaired by Mr. Sin Ka Man.

By Order of the Board  
**Chan Chun Hong, Thomas**  
*Chairman and Managing Director*

Hong Kong, 26 November 2008

## Interim Results

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

### Condensed Consolidated Income Statement

For the six months ended 30 September 2008

	Notes	For the six months ended 30 September	
		2008 (Unaudited) HK\$'000	2007 (Unaudited and restated) HK\$'000
<b>Continuing operations</b>			
Turnover	4	34,207	20,533
Cost of sales		(20,778)	(13,671)
Gross profit		13,429	6,862
Other revenue	4	3,658	754
Selling and distribution expenses		(8,094)	(5,783)
Administrative expenses		(17,882)	(6,069)
Fair value changes on investment properties		(8,270)	284
Impairment of prepaid lease payments		(28,624)	–
Impairment of goodwill		(1,500)	–
Fair value changes on financial assets at fair value through profit or loss		(1,026)	580
Fair value changes on derivative financial instruments		499	–
Operating loss	5	(47,810)	(3,372)
Finance costs	6	(5,377)	(1,705)
Loss before taxation		(53,187)	(5,077)
Taxation	7	(427)	(145)
Loss for the period from continuing operations		(53,614)	(5,222)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations		–	(3,973)
Loss for the period		(53,614)	(9,195)
Loss for the period attributable to:			
– Equity holders of the Company		(53,614)	(9,195)
– Minority interest		–	–
		(53,614)	(9,195)
Loss per share from continuing and discontinued operations			
– Basic and diluted	8	(HK0.7 cents)	(HK1.06 cents)
Loss per share from continuing operations			
– Basic and diluted	8	(HK0.7 cents)	(HK0.60 cents)

# Condensed Consolidated Balance Sheet

30 September 2008

	Notes	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,529	1,801
Property under development		8,277	2,528
Prepaid lease payments	9	522,105	362,236
Investment properties	10	107,520	70,250
Goodwill		–	1,500
Financial assets at fair value through profit or loss		6,625	1,931
		<b>647,056</b>	440,246
<b>Current assets</b>			
Inventories	11	57	81
Trade receivables	12	43	35
Prepayments, deposits and other receivables		11,114	11,623
Derivative financial instruments		3,337	3,434
Financial assets at fair value through profit or loss		12,125	23,465
Time deposits		150,036	364,276
Cash and bank balances		36,156	25,878
		<b>212,868</b>	428,792
<b>Less: Current liabilities</b>			
Trade payables	13	292	231
Accruals and other payables		8,710	7,374
Amounts due to related companies		705	1,218
Derivative financial instruments		747	1,343
Interest-bearing bank loans	14	3,634	–
Tax payable		403	10
		<b>14,491</b>	10,176
<b>Net current assets</b>		<b>198,377</b>	418,616
<b>Total assets less current liabilities</b>		<b>845,433</b>	858,862
<b>Less: Non-current liabilities</b>			
Interest-bearing bank loans	14	31,578	–
Convertible notes	15	170,476	168,355
Deferred taxation		3,901	3,901
		<b>205,955</b>	172,256
<b>Net assets</b>		<b>639,478</b>	686,606

## Condensed Consolidated Balance Sheet *(Continued)*

	Notes	As at 30 September 2008 (Unaudited) HK\$'000	As at 31 March 2008 (Audited) HK\$'000
<b>Capital and reserves</b>			
Share capital	16	<b>76,915</b>	76,915
Reserves		<b>562,563</b>	609,691
<b>Equity attributable to equity holders of the Company</b>		<b>639,478</b>	686,606

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2008

	Attributable to equity holders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible notes equity reserve HK\$'000	Accumulated losses HK\$'000	Capital reserve HK\$'000	Total equity HK\$'000
At 1 April 2007 (Audited)	8,096	9,827	172	152	(18,046)	1,966	2,167
Cash received in excess of fair value of interest-bearing term loan from shareholders	-	-	-	-	-	203	203
Conversion of the convertible notes	500	9,500	-	(152)	-	-	9,848
Issue of new shares	1,619	41,285	-	-	-	-	42,904
Share issuing expenses	-	(2,017)	-	-	-	-	(2,017)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	196	-	-	-	196
Loss for the period	-	-	-	-	(9,195)	-	(9,195)
At 30 September 2007 (Unaudited)	10,215	58,595	368	-	(27,241)	2,169	44,106
Conversion of the convertible notes	-	23	-	(355)	-	-	(332)
Equity component of convertible notes	-	-	-	30,482	-	-	30,482
Deferred tax arising on issue of convertible notes	-	-	-	(3,905)	-	-	(3,905)
Issue of new shares	66,700	600,300	-	-	-	-	667,000
Share issuing expenses	-	(11,772)	-	-	-	-	(11,772)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	12,380	-	-	-	12,380
Release upon disposal of subsidiaries	-	-	(1,395)	-	-	-	(1,395)
Loss for the period	-	-	-	-	(49,958)	-	(49,958)
Release upon set off of interest-bearing loans from shareholders	-	-	-	-	951	(951)	-
Release upon repayment of interest-bearing loans from shareholders	-	-	-	-	1,218	(1,218)	-

# Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 30 September 2008

	Attributable to equity holders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible notes equity reserve HK\$'000	Accumulated losses HK\$'000	Capital reserve HK\$'000	
<b>At 31 March 2008 and 1 April 2008 (Audited)</b>	<b>76,915</b>	<b>647,146</b>	<b>11,353</b>	<b>26,222</b>	<b>(75,030)</b>	<b>-</b>	<b>686,606</b>
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	6,486	-	-	-	6,486
Loss for the period	-	-	-	-	(53,614)	-	(53,614)
<b>At 30 September 2008 (Unaudited)</b>	<b>76,915</b>	<b>647,146</b>	<b>17,839</b>	<b>26,222</b>	<b>(128,644)</b>	<b>-</b>	<b>639,478</b>
Reserves retained by:							
Company and subsidiaries		647,146	17,839	26,222	(128,644)	-	562,563
Associate		-	-	-	-	-	-
<b>At 30 September 2008 (Unaudited)</b>		<b>647,146</b>	<b>17,839</b>	<b>26,222</b>	<b>(128,644)</b>	<b>-</b>	<b>562,563</b>
Company and subsidiaries		58,595	368	-	(25,356)	2,169	35,776
Associate		-	-	-	(1,885)	-	(1,885)
<b>At 30 September 2007 (Unaudited)</b>		<b>58,595</b>	<b>368</b>	<b>-</b>	<b>(27,241)</b>	<b>2,169</b>	<b>33,891</b>

Notes: (1) The share premium account of the Group includes share issued at premium.

(2) Capital reserve account of the Group represents the amount of cash received in excess of fair value of interest-bearing loans from shareholders.

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2008

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash used in operating activities	(8,398)	(6,579)
Net cash used in investing activities	(228,566)	(11,018)
Net cash generated from financing activities	32,026	50,892
Net (decrease)/increase in cash and cash equivalents	(204,938)	33,295
Cash and cash equivalents at the beginning of the period	390,154	21,499
Effects of exchange rate changes on the balance of cash held in foreign currencies	976	79
Cash and cash equivalents at the end of the period	186,192	54,873
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	36,156	12,500
Time deposits	150,036	42,373
	186,192	54,873

# Notes to Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKSA") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

HK(IFRIC) – INT 12	Service Concession Arrangement
HK(IFRIC) – INT 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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



# Notes to Condensed Consolidated Financial Statements

(Continued)

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separated Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets <sup>3</sup>
HKFRS 2 Amendments	Share-based Payment-Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – INT 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

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

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008.

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

## 3. SEGMENT INFORMATION

### Business segments

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. For the period ended 30 September 2008, the Group is primarily engaged in two business segments: (i) sales of fresh pork and related produce; and (ii) property investment and development.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 3. SEGMENT INFORMATION (Continued)

An analysis of the Group's revenue, contribution to operating results by business segments for the six months ended 30 September 2008 are as follows:

	Sales of fresh pork and related produce (Unaudited) <i>HK\$'000</i>	Property investment and development (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>			
External revenue	30,868	3,339	34,207
Segment results excluding impairment loss recognised in respect of goodwill	2,237	(43,889)	(41,652)
Impairment loss recognised in respect of goodwill	(1,500)	–	(1,500)
<b>Segment results</b>	<u>737</u>	<u>(43,889)</u>	(43,152)
Interest income			2,844
Corporate and other unallocated expenses			<u>(7,502)</u>
Operating loss			(47,810)
Finance costs			<u>(5,377)</u>
Loss before taxation			(53,187)
Taxation			<u>(427)</u>
Loss for the period			<u><u>(53,614)</u></u>

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 3. SEGMENT INFORMATION (Continued)

An analysis of the Group's revenue, contribution to operating results by business segments for the six months ended 30 September 2007 are as follows:

	Continuing operations		Discontinued operations		
	Sales of fresh pork and related produce (Unaudited) HK\$'000	Property investment and development (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Trading of apparels (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Segment revenue</b>					
External revenue	20,064	469	20,533	18,233	38,766
<b>Segment results</b>	637	251	888	(3,957)	(3,069)
Interest income and unallocated gains			1,336	2	1,338
Corporate and other unallocated expenses			(5,596)	-	(5,596)
Operating loss			(3,372)	(3,955)	(7,327)
Finance costs			(1,705)	(18)	(1,723)
Loss before taxation			(5,077)	(3,973)	(9,050)
Taxation			(145)	-	(145)
Loss for the period			(5,222)	(3,973)	(9,195)

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 3. SEGMENT INFORMATION (Continued)

### Geographical segments

The Group's operations are located in Hong Kong and The People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services:

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>Continuing operations:</b>		
Hong Kong	34,207	20,533
<b>Discontinued operations:</b>		
The PRC, other than Hong Kong	–	18,233
	<b>34,207</b>	<b>38,766</b>

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 4. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of fashion apparels, fresh pork and related produce sold, after allowances for returns and trade discounts and rental income. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue is as follows:

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>Turnover:</b>		
<b>Continuing operations</b>		
Sale of fresh pork and related produce	30,868	20,064
Rental income	3,339	469
	<b>34,207</b>	20,533
<b>Discontinued operations</b>		
Sale of fashion apparels	–	18,233
	<b>34,207</b>	38,766

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 4. TURNOVER AND OTHER REVENUE (Continued)

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>Other revenue:</b>						
Interest income	2,844	460	–	4	2,844	464
Sundry income	814	294	–	–	814	294
	<b>3,658</b>	754	–	4	<b>3,658</b>	758

## 5. OPERATING LOSS

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<b>Operating loss is stated after charging/(crediting):</b>						
Cost of inventories sold	20,778	13,671	–	13,099	20,778	26,770
Depreciation of property, plant and equipment	293	98	–	209	293	307
Minimum lease payments under operating leases for land and buildings	3,046	1,600	–	392	3,046	1,992
Exchange (gain)/loss	814	–	–	(7)	814	(7)
Fair value changes on financial assets at fair value through profit or loss	1,026	(580)	–	–	1,026	(580)
Fair value changes in respect of investment properties (Note 10)	8,270	(284)	–	–	8,270	(284)

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 6. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest element of finance lease rental payments	-	-	-	18	-	18
Effective interest on convertible notes wholly repayable within five years	4,979	55	-	-	4,979	55
Effective interest on interest-bearing term loans from shareholders wholly repayable within five years	-	1,650	-	-	-	1,650
Interest on interest-bearing bank loans	398	-	-	-	398	-
	<b>5,377</b>	<b>1,705</b>	<b>-</b>	<b>18</b>	<b>5,377</b>	<b>1,723</b>

## 7. TAXATION

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
The Group:		
Current – Hong Kong	427	145
Current – The PRC	-	-
Total tax charge for the period	<b>427</b>	<b>145</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for PRC income taxes has been made during the period as the subsidiaries operated in PRC had no assessable profit for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 8. LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD

### From continuing and discontinued operations

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
<i>Loss</i>		
Loss for the purpose of basic loss per share (loss for the period attributable to equity holders of the Company)	<b>(53,614)</b>	(9,195)

	For the six months ended 30 September	
	2008 (Unaudited) '000	2007 (Unaudited) '000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>7,691,500</b>	868,329

Diluted loss per share from continuing and discontinued operations for the periods ended 30 September 2008 and 2007 were the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share from continuing and discontinued operations because the effect of the Company's outstanding convertible notes was anti-dilutive.



# Notes to Condensed Consolidated Financial Statements

(Continued)

## 8. LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD (Continued)

### From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Loss figures are calculated as follows:

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Loss for the period attributable to equity holders of the Company	(53,614)	(9,195)
Less: Loss for the period from discontinued operations	–	(3,973)
Loss for the purpose of basic loss per share from continuing operations	<b>(53,614)</b>	(5,222)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### From discontinued operations

Basic and diluted loss per share for the discontinued operations for the period ended 30 September 2007 was HK0.46 cents per share based on the loss for the period ended 30 September 2007 from the discontinued operations of HK\$3,973,000 and the denominators detailed above for both basic and diluted loss per share.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 9. PREPAID LEASE PAYMENTS

	<b>The Group</b> <i>HK\$'000</i>
<b>Cost</b>	
At 31 March 2008 and 1 April 2008	399,055
Additions	1,202
Acquisition of subsidiaries	185,000
Exchange realignment	6,947
At 30 September 2008	592,204
<b>Accumulated amortisation and impairment</b>	
At 31 March 2008 and 1 April 2008	31,536
Charge for the period	2,372
Impairment of prepaid lease payments	28,624
At 30 September 2008	62,532
<b>Net book value</b>	
<b>At 30 September 2008 (Unaudited)</b>	<b>529,672</b>
At 31 March 2008 (Audited)	367,519

The prepaid lease payments comprise of leasehold lands situated in the PRC held under long-term leases.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 9. PREPAID LEASE PAYMENTS (Continued)

Amortisation expense on prepaid lease payments of HK\$2,372,000 (31 March 2008: HK\$1,919,000) has been capitalised to properties under development for the period.

Impairment loss of approximately HK\$28,624,000 (31 March 2008: HK\$29,617,000) in respect of prepaid lease payments was recognised during the period ended 30 September 2008 by reference to the valuation report issued by Savills Valuation and Professional Services Limited, an independent qualified professional valuers, at 30 September 2008 which valued the properties on market value basis.

Analysed for reporting purposes as:

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Current assets (included in prepayments, deposits trade and other receivables)	<b>7,567</b>	5,283
Non-current assets	<b>522,105</b>	362,236
	<b>529,672</b>	367,519

## 10. INVESTMENT PROPERTIES

HK\$'000

### Fair value:

At 31 March 2008 and 1 April 2008	70,250
Additions	45,540
Net decrease in fair value	(8,270)
At 30 September 2008 (Unaudited)	107,520
At 31 March 2008 (Audited)	70,250

Investment properties were revalued at their open market values at 30 September 2008 by Messrs Vigers Appraisals & Consulting Limited, independent qualified professional valuers not connected with the Group, on an open market value, existing use basis. This valuation gave rise to a loss arising from change in fair value of HK\$8,270,000 at 30 September 2008 (31 March 2008: a gain arising from change in fair value of HK\$1,886,000), which has been charged to the condensed consolidated income statement.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 10. INVESTMENT PROPERTIES (Continued)

The investment properties are situated in Hong Kong under medium-term to long-term leases.

The investment properties are lease to third parties under operating lease. Property rental income earned during the six months end 30 September 2008 was approximately HK\$3,339,000 (30 September 2007: HK\$469,000). No contingent rental income was recognised during the periods ended 30 September 2008 and 2007.

The Group leases its investment properties under operating lease arrangements with leases terms negotiated for terms ranging from 1 to 2 years, with an option to renew the contracts according to the prevailing market conditions. Tenants are required to pay security deposits under the lease terms.

At 30 September 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Within one year	4,770	2,834
In the second to fifth years inclusive	8	–
	<b>4,778</b>	2,834

## 11. INVENTORIES

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Finished goods	57	81
Less: Provision for obsolete inventories	–	–
	<b>57</b>	81

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days (2007: 30 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

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

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Within 90 days	<b>43</b>	35

The directors consider that the carrying amount of trade receivables approximates its fair value.

## 13. TRADE PAYABLES

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

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Within 90 days	<b>292</b>	231

The directors consider that the carrying amount of trade payables approximates its fair value.

## 14. INTEREST-BEARING BANK LOANS

During the period, the Group obtained new interest-bearing bank loans amounting to HK\$36,450,000 and repaid HK\$1,238,000. The loans bear interest at market rates from 2.39% to 2.9%. The proceeds were used to finance the acquisition of investment properties.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 15. CONVERTIBLE NOTES

On 5 October 2007, the Company issued 3% convertible notes with a principal amount of HK\$190,000,000. Each note entitled the holder to convert to ordinary share of the Company at a conversion price of HK\$0.12 each (subject to adjustment as stipulated in the agreement of the convertible notes). The convertible notes carries interest at a rate of 3% per annum, which is payable semi-annually in arrears. The maturity date of the convertible notes is 5 years later.

The convertible notes contain two components, liability and equity elements. The equity element is presented in equity heading "Convertible notes equity reserve". The effective interest rate of the liability component is 5.92%.

The convertible notes have been split as to the liability and equity components, as follows:

	<i>HK\$'000</i>
Nominal value of convertible notes issued	197,000
Derivative financial instruments	6,459
Liability component	<u>(172,977)</u>
<b>Equity component</b>	<b><u>30,482</u></b>
Liability component at 31 March 2007 and 1 April 2007 (Audited)	2,856
Liability component at the issuance date	172,977
Conversion into shares	(9,516)
Interest expense charged	4,888
Interest payable	<u>(2,850)</u>
Balance at 31 March 2008 and 1 April 2008 (Audited)	168,355
Interest expense charged	4,979
Interest payable	<u>(2,858)</u>
<b>Balance at 30 September 2008 (Unaudited)</b>	<b><u>170,476</u></b>

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 16. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>		
At 31 March 2008 and 1 April 2008		
ordinary shares of HK\$0.01 each (Audited)	20,000,000,000	200,000
At 30 September 2008, ordinary shares of		
HK\$0.01 each (Unaudited)	20,000,000,000	200,000
<b>Issued and fully paid:</b>		
At 31 March 2008 and 1 April 2008		
ordinary shares of HK\$0.01 each (Audited)	7,691,500,000	76,915
At 30 September 2008, ordinary shares of		
HK\$0.01 each (Unaudited)	7,691,500,000	76,915

### Share option

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

## 17. OPERATING LEASE ARRANGEMENTS

### As lessee

The Group leases certain of its office premises and pork retail outlets under operating lease arrangements which are negotiated for lease terms of from one to three years.

At 30 September 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2008 (Unaudited) <i>HK\$'000</i>	As at 31 March 2008 (Audited) <i>HK\$'000</i>
Within one year	4,676	4,321
In the second to fifth years, inclusive	3,665	4,814
	<b>8,341</b>	9,135

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 18. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business.

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Rental paid by the Group to Wang On Group Limited ("Wang On") and its subsidiaries	2,522	1,655
Interest on convertible notes paid by the Group to Wai Yuen Tong Medicine Holdings Limited ("WYT") and its subsidiaries	2,858	63
Rental paid by the Group to WYT and its subsidiaries	238	–
Interest on shareholder's loan paid by the Group to WYT and its subsidiaries	–	722
Interest on shareholder's loan paid by the Group to Taco Holdings Limited	–	612

### Key management personnel compensation

Remuneration for key management personnel, including amounts paid to the Company's Directors during the period is as follows:

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	1,861	840
Employer contribution to pension scheme	15	21
	1,876	861



# Notes to Condensed Consolidated Financial Statements

(Continued)

## 19. CAPITAL COMMITMENT

At 30 September 2008, the Group had the following capital commitments:

	<b>As at 30 September 2008 (Unaudited) HK\$'000</b>	As at 31 March 2008 (Audited) HK\$'000
Contracted but not provided for:		
Acquisition of investment properties	<b>3,867</b>	18,602

## 20. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 30 September 2008 and 31 March 2008.

## 21. POST BALANCE SHEET EVENT

On 30 October 2008, Onger Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into the Agreement as purchaser together with Velocity International Limited, a company incorporated in the British Virgin Islands with limited liability as seller and Mr. Chan Yeung Nam, an Independent Third Party to the Company and the sole beneficial owner of the entire issued share capital of Velocity International Limited as guarantor of Velocity International Limited's obligations whereby Velocity International Limited has conditionally agreed to sell and Onger Investments Limited has conditionally agreed to purchase the 207,765,080 shares of US\$0.02 each in the share capital of China Agri-Products Exchange Limited, a company listed on the Stock Exchange, representing approximately 27.14% of the entire issued share capital of China Agri-Products Exchange Limited for a consideration of HK\$150 million.

## 22. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The unaudited condensed consolidated financial statements were approved by the Board of Directors on 26 November 2008.