PNG Resources

PNG Resources Holdings Limited | 2011 Interim Report

(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 & 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

LEGAL ADVISERS

DLA Piper Hong Kong
K&L Gates

AUDITORS

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

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited

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

REGISTERED OFFICE

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

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.pngresources.com

STOCK CODE

221

INTERIM DIVIDEND

The board of directors (the "**Board**" or "**Directors**") of PNG Resources Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") does not recommend the payment of any interim dividend for the six months ended 30 September 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION AND BUSINESS REVIEW

During the six months ended 30 September 2011 under review, the Group was principally engaged in the business of forestry and logging operations in Papua New Guinea ("**PNG**"), property development in the People's Republic of China (the "**PRC**") and retailing of fresh pork meat and related produce in Hong Kong.

For the six months ended 30 September 2011, the Group recorded a turnover of approximately HK$33.5 million (2010: approximately HK$31.4 million), representing an increase of approximately 6.7% as compared to the corresponding period of last year. The revenue growth was primarily attributable to the increase in sales volume of fresh pork meat and related produce. Gross profit margin, however, decreased from approximately 34.2% to approximately 26.9% mainly due to the increase in cost comprising goods sold comprising our fresh pork meat and related produce.

The Group's loss after tax attributable to equity holders for the same period was approximately HK$45.1 million (2010: profit of approximately HK$11.3 million). This is mainly due to the increase in advertising and administrative expenses for the property development projects of the Group in the PRC, lack of exceptional gains on reversal of impairment of prepaid lease payments which had been recorded for the corresponding period in 2010 and unrealised losses on financial assets at fair value through profit or loss due to the recent global financial downturn and economic slowdown.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Natural Resources Business in PNG

The Group entered into the natural resources business after completing its acquisition of a forestry project in PNG in October 2009. The Group's project is licensed to carry on business in timber logging, growing cereals and the plantation of oil palm and teak. The project covers an area of approximately 238,000 hectares of land with an estimated saleable 5.9 million cubic metres of timber wood in Nuku district, PNG. According to the valuation report prepared by an international professional forestry consultant, Ata Marie Group Limited, the project's site has over 75 tree species, including valuable ones, such as pometia pin, celtis, intsia, terminalia spp, canarium ind etc., and the project was valued at approximately HK$472.9 million (31 March 2011: approximately HK$454.7 million) as at 30 September 2011. Whilst PNG is a major timber producing country, PNG-made furniture has also found appreciative markets in Western Europe, Australia, New Zealand and other countries. The long-term rebuilding programs in Japan after the destructive earthquake and tsunami in March 2011 and an increasing demand for timber in Europe, the PRC and the Asia Pacific gives confidence to the Group in the long-term potential of the logging business and the timber trading market.

There are ample gold, copper, liquefied natural gas, petroleum and other natural resources in PNG. Apart from the forestry acquisition in 2009, the Group has been proactively looking for other strategic partners and other potential natural resources acquisition targets in PNG, particularly in agriculture, forestry and mining. Leveraging on our experience and relationship with government authorities already gained in PNG, management is confident that this segment will be the Group's key growth driver and will bring satisfactory results to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Property Development

As at 30 September 2011, the Group held a total of approximately 3.1 million square feet of residential and commercial land reserves in two projects in the PRC. Construction permits were obtained and these projects are now in their construction stages. As of the date of this interim report, the details of the Group's two property development projects in the PRC are as follows:

City/Province	Percentage ownership interest	Approximate site area *(square feet)*	Approximate saleable area *(square feet)*	Development plan
Fuzhou, Jiangxi Province	100%	2,400,000	5,600,000	Residential cum commercial complex
Dongguan, Guangdong Province	100%	690,000	1,200,000	Residential cum commercial complex
Total		**3,090,000**	**6,800,000**	

Pre-sale of the first phase of the Fuzhou and Dongguan projects commenced in October 2010 and March 2011, respectively, while pre-sale of the second phase of the Fuzhou project commenced in October 2011. As of the date of this interim report, the Group had sold more than 76% and 84% of residential units which had been put up for sale at the Fuzhou and Dongguan projects, respectively. The Group expects the construction of the first phase of the Fuzhou and Dongguan projects to be substantially completed in late 2011 and first half of 2012, respectively, while the construction of the second phase of the Fuzhou project is expected to be substantially completed in late 2012.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Retail of Fresh Pork Meat and Related Produce

The sale of fresh pork meat and related produce in Hong Kong continued to generate steady income and cash flow for the Group during the period under review. The number of stalls operated by the Group decreased to 17 as of 30 September 2011, compared to 21 as of 30 September 2010. Fresh pork meat and related produce sales will continue for the time being to be the Group's main income stream and contribute significant and stable cashflow to the Group.

Future Plans and Prospects

Looking forward, the Euro zone sovereignty debt crisis, the slow recovery of the United States and Euro zone economies and the downgrade of the United States sovereign credit rating have cast major uncertainties on the global economic environment. Elsewhere in the PRC, the effects of the PRC government's macro policies are generally seen. It is expected that the PRC government will continue to adopt active fiscal policies and prudent monetary policies to ease the inflation pressure in the PRC. The momentum of economic growth will slow down and liquidity will remain tight. However, the Group's management is confident about the medium and long term development of the PRC property market as management believes that urbanisation and industrialisation in the PRC will generate massive genuine demand in residential properties. The Group will follow closely the changes in the trend of the macro economy and the regulatory environment and will address such changes effectively and in a timely manner. The Board remains cautious and continues to look for potential projects to replenish our land reserves in the PRC to increase the growth momentum for the Group.

The stable economic environment of the forestry industry in PNG will help invigorate our business. Management is also studying the re-plantation of crops, including oil palm, Jathropa, cocoa, rubber and teak, on our forestry land in order to maximise the utilisation of this land. We will focus our resources on streamlining and refining our operations in order to improve the project's efficiency and will continue to explore potential agriculture, forestry and mining acquisition opportunities in PNG and the Asia Pacific region. The Directors believe that the Group's diversification into the natural resources sector will deliver long-term benefits to shareholders and will continue to identify other strategic business expansion opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources

The Group's total assets as at 30 September 2011 were approximately HK$2,061.4 million (31 March 2011: approximately HK$1,580.8 million) which were financed by total liabilities and total equity of approximately HK$1,353.9 million (31 March 2011: approximately HK$849.9 million) and approximately HK$707.5 million (31 March 2011: approximately HK$730.9 million), respectively. The current ratio as at 30 September 2011 was approximately 1.3 times (31 March 2011: approximately 1.7 times).

As at 30 September 2011, the Group's aggregate bank borrowings amounted to approximately HK$136.8 million (31 March 2010: approximately HK$139.7 million). The gearing ratio was approximately 54.3% (31 March 2011 : approximately 45.6%), calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group. During the period under review, Gain Better Investments Limited ("**Gain Better**"), the substantial shareholder of the Company, extended the repayment date of a loan of HK$10 million to the Group for three years upon the maturity date and the total outstanding loan remained at HK$215 million.

During the period under review, the Group drawed down additional loans totaling HK$170 million from Fully Finance Limited ("**Fully Finance**") and the total outstanding balance increased to HK$305 million.

Exposure to Fluctuation in Exchange Rates

The revenue and bank deposits of the Group are mainly denominated in Hong Kong dollars, Renminbi ("**RMB**") and PNG Kina ("**Kina**") whilst operating costs are mainly denominated in Hong Kong dollars, RMB and Kina. The Group has exposure to the risk of exchange rate fluctuations for RMB on account of its property investments in the PRC and for Kina on account of its cost of forestry operations in PNG, but the impact of foreign currency is not material to the Group. The Group has not employed any hedging instruments or derivative products. In order to minimise the exchange rate risk of RMB and Kina, the Group will make use of local bank borrowings in RMB to finance the construction projects in the PRC and utilise the proceeds from the sales of completed units at these residential and commercial projects to repay the RMB bank borrowings. In order to minimise the exchange rate risk of Kina, the Group utilises the proceeds from the sales of timbers denominated in Kina to partially reduce the impact of expenses incurred in PNG.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

MATERIAL ACQUISITION

*Acquisition of interests in China Agri-Products Exchange Limited ("**CAP**")*

In June 2011, CAP, whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code 149) and in which the Group had shareholding interests (treated as available-for-sale financial assets), proposed a rights issue on the basis of thirty CAP rights shares for every one CAP share. The Group subscribed for the 78,979,524 CAP rights shares to which it was entitled pursuant to the terms of CAP rights issue and, by way of excess application, subscribed for an additional 613,000,000 CAP rights shares. The total consideration amounted to approximately HK$134.9 million and the transaction was completed in September 2011. As a result, the Group's interests in CAP has increased from approximately 3.32% to 28.22%, which became an associate of the Group.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 30 September 2011, the Group had no significant contingent liability (31 March 2011: Nil). The PRC land reserves and property under development with a carrying value of approximately HK$350.4 million (31 March 2011: approximately HK$344.6 million) and approximately HK$10.7 million (31 March 2011: approximately HK$6.4 million), respectively, were pledged to secure the Group's banking facilities.

As at 30 September 2011, shares of several subsidiaries of the Group were pledged to secure a loan facility from Fully Finance.

CAPITAL COMMITMENT

The Group's capital commitment as at 30 September 2011 amounted to approximately HK$479.3 million (31 March 2011: approximately HK$284.8 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group had a total of 84 employees (31 March 2011: 87). The Group's remuneration policy is reviewed periodically by the remuneration committee and the Board and remuneration is determined by reference to market terms, company performance and individual qualifications and performance. The Group operates a Mandatory Provident Fund Scheme for those employees in Hong Kong who are eligible to participate.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEES AND REMUNERATION POLICY *(Continued)*

The Group has also adopted a performance based reward system to motivate its staff and such system is reviewed on a regular basis. The shareholders of the Company adopted a share option scheme (the "**Share Option Scheme**") on 8 October 2002 in compliance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the period under review, the Board did not grant any share option under the Share Option Scheme to the Directors or eligible employees of the Group to subscribe for shares in the Company and as at 30 September 2011, there was no outstanding share option under the Share Option Scheme.

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 2011, none of the Directors, chief executive of the Company, nor any of their respective 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 maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period for the six months ended 30 September 2011 were rights to acquire benefits by means of the acquisition of shares or underlying 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' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed below and to the best of the Directors' knowledge, as at 30 September 2011, no person (other than the Director or chief executive of the Company) had, or was deemed or taken to have, interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company or the Stock Exchange pursuant to section 336 of the SFO or, who had notified the Company of relevant interests or short positions in the shares and underlying shares of the Company:

Long positions in the shares of the Company:

Name of shareholder	**Number of shares**	**Approximate percentage of the Company's total issued share capital** *(Note 2)* %
Gain Better *(Note1)*	3,813,835,000	49.59
Wai Yuen Tong Medicine Holdings Limited ("**WYT**") *(Note1)*	3,813,835,000	49.59

Notes:

(1) Gain Better is an indirect wholly-owned subsidiary of WYT.

(2) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2011 of 7,691,500,000 shares.

Save as disclosed above, as at 30 September 2011, 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 the Share Option 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 Share Option Scheme include the 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 Share Option Scheme became effective on 8 October 2002 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

During the six months ended 30 September 2011, the Board did not grant any share option under the Share Option Scheme to the Directors or eligible employees of the Group to subscribe for shares in the Company and as at 30 September 2011, there was no outstanding share option(s) under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2011 except for the following deviation:

Code provision A.2.1

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

Mr. Chan Chun Hong, Thomas currently takes up the roles of chairman and managing director of the Company 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 of the CG Code 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)

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

(Continued)

Code provision A.2.1 (Continued)

The Group will continue to review and recommend such proposals, as appropriate, in aspect of such deviation 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.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Yuen Kam Ho, George was elected as Standing Committee Member of Convocation and Member of the Court of the University of Hong Kong on 11 June 2011 and 26 July 2011 respectively.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2011.

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. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors, namely Messrs. Sin Ka Man, Yuen Kam Ho, George and Cheung Sau Wah, Joseph, and is chaired by Mr. Sin Ka Man. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2011.

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

Hong Kong, 16 November 2011

INTERIM RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2011, together with the comparative figures for the corresponding period in 2010. The condensed consolidated interim financial statements were not audited, but have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Notes	**2011 (Unaudited) HK$'000**	2010 (Unaudited) HK$'000
Turnover	*4*	**33,454**	31,356
Cost of sales		**(24,448)**	(20,644)
Gross profit		**9,006**	10,712
Other revenue	*4*	**1,808**	1,987
Selling and distribution expenses		**(9,160)**	(11,142)
Administrative expenses		**(26,441)**	(21,733)
Change in fair value of plantation assets	*10*	**18,158**	32,908
Reversal of impairment of prepaid lease payments	*9*	**—**	52,105
Fair value changes on financial assets at fair value through profit or loss		**(22,072)**	(4,351)
Impairment of available-for-sale financial assets		**(9,827)**	(17,375)
Gain on acquisition of an associate	*11*	**20,027**	—
Finance costs	*5*	**(16,400)**	(12,966)
(Loss)/profit before taxation	*6*	**(34,901)**	30,145
Taxation	*7*	**(5,447)**	(9,925)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 September 2011

	Notes	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
(Loss)/profit for the period		**(40,348)**	20,220
Fair value changes on available-for-sale financial assets		—	(22,644)
Exchange differences arising on translation of financial statements of overseas subsidiaries		**16,972**	12,450
Other comprehensive income/(loss) for the period		**16,972**	(10,194)
Total comprehensive (loss)/income for the period		**(23,376)**	10,026
(Loss)/profit for the period attributable to:			
— Owners of the Company		**(45,144)**	11,306
— Non-controlling interests		**4,796**	8,914
		(40,348)	20,220
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(28,430)**	1,173
— Non-controlling interests		**5,054**	8,853
		(23,376)	10,026
(Loss)/earnings per share			
— Basic and diluted	8	**(HK0.59 cents)**	HK0.15 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**5,333**	3,888
Property under development		**122,646**	63,728
Prepaid lease payments	*9*	**423,598**	416,662
Plantation assets	*10*	**472,898**	454,740
Concession rights		**12,548**	12,679
Interest in an associate	*11*	**155,535**	—
Available-for-sale financial assets		**—**	10,399
		1,192,558	962,096
Current assets			
Stock of properties	*12*	**499,937**	363,313
Inventories	*13*	**194**	179
Trade receivables	*14*	**18**	19
Prepayments, deposits and other receivables		**79,553**	59,690
Financial assets at fair value through profit or loss		**16,708**	38,780
Time deposits		**12,035**	17,270
Cash and bank balances		**260,413**	139,431
		868,858	618,682
Less: Current liabilities			
Trade payables	*15*	**842**	1,319
Deposits received, accruals and other payables		**44,918**	37,591
Receipts in advance		**496,087**	172,124
Amounts due to related companies		**5,355**	4,401
Tax payable		**4,124**	4,436
Interest-bearing bank loans		**136,802**	139,690
Interest-bearing loans from an immediate holding company	*17*	**—**	10,000
		688,128	369,561
Net current assets		**180,730**	249,121
Total assets less current liabilities		**1,373,288**	1,211,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 September 2011

	Notes	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Less: Non-current liabilities			
Interest-bearing loans from a related company	*16*	**305,000**	135,000
Interest-bearing loans from an immediate holding company	*17*	**215,000**	205,000
Deferred taxation		**145,788**	140,341
		665,788	480,341
Net assets		**707,500**	730,876
Capital and reserves			
Share capital	*18*	**76,915**	76,915
Reserves		**470,897**	499,327
Equity attributable to owners of the Company		**547,812**	576,242
Non-controlling interests		**159,688**	154,634
Total equity		**707,500**	730,876

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Accumulated losses HK$'000	Attributable to owners of the company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2010 (audited)	76,915	647,146	21,627	55,855	(235,814)	565,729	145,839	711,568
Net profit for the period	—	—	—	—	11,306	11,306	8,914	20,220
Other comprehensive income/(loss) for the period	—	—	12,511	(22,644)	—	(10,133)	(61)	(10,194)
Total comprehensive income/(loss) for the period	—	—	12,511	(22,644)	11,306	1,173	8,853	10,026
At 30 September 2010 (unaudited)	76,915	647,146	34,138	33,211	(224,508)	566,902	154,692	721,594
At 1 April 2011 (audited)	76,915	647,146	46,177	—	(193,996)	576,242	154,634	730,876
Net (loss)/profit for the period	—	—	—	—	(45,144)	(45,144)	4,796	(40,348)
Other comprehensive income for the period	—	—	16,714	—	—	16,714	258	16,972
Total comprehensive income/(loss) for the period	—	—	16,714	—	(45,144)	(28,430)	5,054	(23,376)
At 30 September 2011 (unaudited)	**76,915**	**647,146**	**62,891**	**—**	**(239,140)**	**547,812**	**159,688**	**707,500**

Note: The share premium account of the Group includes share issued at premium.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Net cash generated from/(used in) operating activities	**291,172**	(19,029)
Net cash used in investing activities	**(343,277)**	(78,411)
Net cash generated from financing activities	**163,793**	102,444
Net increase in cash and cash equivalents	**111,688**	5,004
Cash and cash equivalents at the beginning of the period	**156,701**	82,636
Effects of exchange rate changes on the balance of cash held in foreign currencies	**4,059**	167
Cash and cash equivalents at the end of the period	**272,448**	87,807
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**260,413**	62,921
Time deposits	**12,035**	24,886
	272,448	87,807

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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 ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's unaudited interim condensed consolidated financial statements.

HKFRS 1 Amendment	*First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	*Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	*Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the Group has also adopted *Improvements to HKFRSs 2010** issued by the HKICPA which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* *Improvements to HKFRSs 2010* contain amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Other than as further explained below regarding the impact of HKAS 24 (Revised), amendments to HKFRS 3, HKAS 1, HKAS 27 and HKAS 34 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed financial statements and there has been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

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

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

While the adoption of the revised standard has resulted in changes in the accounting policy, the revised standard does not have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Those amendments that have had a significant impact on the Group's policies are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS. The amendments also added explicit guidance to clarify the accounting treatment for nonreplaced and voluntarily replaced share-based payment awards.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) Improvements to HKFRSs 2010 (Continued)

- HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

- HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 are applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

- Amendment to HKAS 34 *Interim Financial Reporting*: Amendment to HKAS 34 requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in condensed financial statements. The respective disclosures requirements have been set out in note 21.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKAS 1 (Amendments)	*Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 (Amendments)	*Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (as revised in 2011)	*Employee Benefits*[4]
HKAS 27 (as revised in 2011)	*Separate Financial Statements*[4]
HKAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*[4]
HKFRS 1 (Amendment)	*Severe Hyperinflation and Removal of Fixed dates for First – time Adopters*[1]
HKFRS 7 (Amendments)	*Disclosure — Transfer of Financial Assets*[1]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interest in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and contribution to operating results by operating segments for the six months ended 30 September 2011 and 2010, respectively:

2011

	Forestry and logging operation (Unaudited) HK$'000	Sales of fresh pork and related produce (Unaudited) HK$'000	Property development (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue:				
External revenue	—	33,454	—	33,454
Segment results	13,236	(396)	(15,593)	(2,753)
Interest income and other unallocated gains				981
Corporate and other unallocated expenses				(4,857)
Net loss on financial assets at fair value through profit or loss				(22,072)
Impairment of available-for-sale financial assets				(9,827)
Gain on acquisition of an associate				20,027
Finance costs				(16,400)
Loss before taxation				(34,901)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

2010

	Forestry and logging operation (Unaudited) HK$'000	Sales of fresh pork and related produce (Unaudited) HK$'000	Property development (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue:				
External revenue	512	30,844	—	31,356
Segment results	27,664	427	42,810	70,901
Interest income and other unallocated gains				220
Corporate and other unallocated expenses				(6,284)
Net loss on financial assets at fair value through profit or loss				(4,351)
Impairment of available-for-sale financial assets				(17,375)
Finance costs				(12,966)
Profit before taxation				30,145

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2010: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of fresh pork and related produce sold and timber and agriculture produce sold, after allowances for returns and trade discounts. 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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Turnover:		
Sale of fresh pork meat and related produce	**33,454**	30,844
Sale of timber and agricultural produce	**—**	512
	33,454	31,356

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Other revenue:		
Interest income	**498**	18
Sundry income	**1,310**	1,969
	1,808	1,987

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Effective interest on interest-bearing loans from a related company wholly repayable within five years	**7,697**	4,712
Effective interest on interest-bearing loans from an immediate holding company wholly repayable within five years	**8,624**	8,190
Effective interest on interest-bearing bank loans wholly repayable within five years	**5,665**	541
Total interest expense on financial liabilities not at fair value through profit or loss	**21,986**	13,443
Less: Amounts capitalised in the cost of property under developments	**(5,586)**	(477)
	16,400	12,966

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. (LOSS)/PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/profit before taxation is stated at after charging/(crediting):		
Cost of inventories sold	**22,634**	20,078
Depreciation of property, plant and equipment	**620**	482
Minimum lease payments under operating leases for land and buildings	**3,848**	4,618
Exchange gain	**(68)**	(110)
Amortisation of concession right	**131**	131
Impairment of available-for-sale financial assets	**9,827**	17,375
Gain on acquisition of an associate	**(20,027)**	—
Fair value changes on financial assets at fair value through profit or loss	**22,072**	4,351

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
The Group:		
Current taxation — Hong Kong	**—**	52
Deferred taxation — Papua New Guinea ("**PNG**")	**5,447**	9,873
Total tax charge for the period	**5,447**	9,925

No provision for Hong Kong profits tax has been made during the period as the Group had no assessable profits for the period. For the six months ended 30 September 2010, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

No provision for mainland China enterprise income tax and PNG profit tax has been made in the interim condensed consolidated financial statement as the subsidiaries operated in the mainland China and PNG had no assessable profit during the period (six months ended 30 September 2010: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. (LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY FOR THE PERIOD

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

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/profit		
(Loss)/profit for the purpose of basic (loss)/earnings per share ((Loss)/profit for the period attributable to owners of the Company)	**(45,144)**	11,306
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**7,691,500**	7,691,500

Diluted (loss)/earnings per share for the periods ended 30 September 2011 and 2010 were the same as the basic (loss)/earnings per share.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. PREPAID LEASE PAYMENTS

	The Group
	HK$'000
Cost	
At 31 March 2011 and 1 April 2011	**441,143**
Transfer to stock of properties	**(4,001)**
Exchange realignment	**14,439**
At 30 September 2011	**451,581**
Accumulated amortisation and impairment	
At 31 March 2011 and 1 April 2011	**18,142**
Charge for the period	**3,888**
Transfer to stock of properties	**(1,187)**
Exchange realignment	**646**
At 30 September 2011	**21,489**
Net book value	
At 30 September 2011 (Unaudited)	**430,092**
At 31 March 2011 (Audited)	423,001

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

Amortisation expense on prepaid lease payments of approximately HK$3,888,000 (for the six months ended 30 September 2010: approximately HK$3,701,000) has been capitalised to properties under development for the six months ended 30 September 2011.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. PREPAID LEASE PAYMENTS *(Continued)*

No impairment in respect of prepaid lease payments was made or reversed during the six months ended 30 September 2011 by reference to the valuation report issued by Savills Valuation and Professional Services Limited, an independent qualified professional valuers, at 30 September 2011 which valued the properties on market value basis (for the six months ended 30 September 2010: impairment of approximately HK$52,105,000 was reversed).

As at 30 September 2011, prepaid lease payments of approximately HK$350,393,000 was pledged for interest-bearing bank loans (31 March 2011: approximately HK$344,551,000) (note 23).

Analysed for reporting purposes as:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Current assets (included in prepayments, deposits and other receivables)	**6,494**	6,339
Non-current assets	**423,598**	416,662
	430,092	423,001

10. PLANTATION ASSETS

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
At the beginning of the period	**454,740**	416,972
Changes in fair value less costs to sell	**18,158**	37,768
At the end of the period	**472,898**	454,740

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. INTEREST IN AN ASSOCIATE

In June 2011, China Agri-Products Exchange Limited ("**CAP**"), whose shares are listed on The Stock Exchange of Hong Kong Limited (stock code 149) and in which the Group had shareholding interests (classified as available-for-sale financial assets), proposed a rights issue on the basis of thirty CAP rights shares for every one CAP share. The Group has subscribed for 78,979,524 CAP rights shares to which it was entitled pursuant to the terms of CAP rights issue; and, by way of excess application, subscribed for an additional 613,000,000 CAP rights shares. The total consideration amounted to approximately HK$134.9 million and the transaction was completed in September 2011. As a result, the Group's interests in CAP has increased from approximately 3.32% to 28.22%, which became an associate of the Group. The Group has recorded a gain of approximately HK$20.0 million which is an excess of the Group's share of the estimated net fair value of CAP's identifiable assets and liabilities over the cost of investment.

The unaudited financial statements of CAP have a financial period end dated 30 June 2011. These unaudited consolidated financial statements are adjusted for the material transactions between CAP and the Group companies between 1 July and 30 September for the purpose in estimating the net assets value of CAP as at 30 September 2011.

12. STOCK OF PROPERTIES

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Property under development	**499,937**	363,313

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. INVENTORIES

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Finished goods	**194**	179

14. 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 (31 March 2011: 30 days) for sales of fresh pork meat and related produce segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. No trade receivable is past due as at 30 September 2011. The Group does not hold any collateral over these balances.

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

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Trade receivables	**57**	61
Less: Impairment loss	**(39)**	(42)
	18	19

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. TRADE RECEIVABLES *(Continued)*

The aged analysis of trade receivables, net of impairment is as follows:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Within 30 days	**18**	19

Movements of impairment loss recognised on trade receivables:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
At the beginning of the period	**42**	—
Impairment loss recognised	**—**	42
Impairment loss reversed	**(3)**	—
At the end of the period	**39**	42

As at 30 September 2011, the Group's trade receivables of approximately HK$39,000 (31 March 2011: approximately HK$42,000) were individually to be impaired. The individual impaired receivables related to customers that were in financial difficulties and directors assessed that the receivables were not expected to be recovered. The impairment loss has been included in the administrative expenses in the consolidated statement of comprehensive income.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. TRADE PAYABLES

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

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Within 90 days	**842**	1,319

16. INTEREST-BEARING LOANS FROM A RELATED COMPANY

During the period, the Group obtained new loans with principal amount of HK$35 million and HK$135 million from Fully Finance Limited ("**Fully Finance**"). The new loan of HK$35 million is unsecured, carries interest at 8% per annum and is repayable on 12 April 2014. The new loan of HK$135 million is secured by the shares of several subsidiaries of the Group, carries interest at 8% per annum and is repayable on 22 August 2014.

The remaining loans obtained from Fully Finance are unsecured, carry interest at 8% per annum and repayable on 14 January 2013, 14 March 2014, 14 June 2014 and 2 November 2014 respectively.

17. INTEREST-BEARING LOANS FROM AN IMMEDIATE HOLDING COMPANY

On 11 July 2011, the Group entered into a supplement loan agreement with an immediate holding company, Gain Better Investments Limited ("**Gain Better**"), to extend the repayment date of the loan with a principal amount of HK$10 million for three years upon the maturity date. The loan is unsecured, carries interest at 8% per annum and is repayable on 8 July 2014.

The loans obtained from Gain Better with principal amount HK$15 million and HK$190 million, are unsecured, carries interest at 8% per annum and are repayable on 10 August 2013 and 12 November 2013 respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
At 31 March 2011 and 1 April 2011 ordinary shares of HK$0.01 each (Audited)	20,000,000	200,000
At 30 September 2011, ordinary shares of HK$0.01 each (Unaudited)	20,000,000	200,000
Issued and fully paid:		
At 31 March 2011 and 1 April 2011 ordinary shares of HK$0.01 each (Audited)	7,691,500	76,915
At 30 September 2011, ordinary shares of HK$0.01 each (Unaudited)	7,691,500	76,915

Share option scheme

Details of the Company's share option scheme are set out in the section "Share Option Scheme" on page 11 of this interim report.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 30 September 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Within one year	**6,501**	6,829
In the second to fifth years, inclusive	**5,431**	8,432
	11,932	15,461

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. 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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Rental paid by the Group to Wang On Group Limited ("**WOG**") and its subsidiaries	**3,257**	4,138
Rental paid by the Group to Wai Yuen Tong Medicine Holdings Limited ("**WYT**") and its subsidiaries	**495**	238
Interest on related company's loans paid by the Group to WOG and its subsidiaries	**7,697**	4,712
Interest on shareholder's loans paid by the Group to WYT and its subsidiaries	**8,624**	8,190

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**2,365**	2,452
Employer contribution to pension scheme	**28**	27
	2,393	2,479

21. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. FAIR VALUE HIERARCHY *(Continued)*

Assets measured at fair value:

Group

At 30 September 2011

	Level 1 (Unaudited) HK$'000	Level 2 (Unaudited) HK$'000	Level 3 (Unaudited) HK$'000	Total (Unaudited) HK$'000
Financial assets at fair value through profit or loss	**16,708**	**—**	**—**	**16,708**

At 31 March 2011

	Level 1 (Audited) HK$'000	Level 2 (Audited) HK$'000	Level 3 (Audited) HK$'000	Total (Audited) HK$'000
Available-for-sale investments	10,399	—	—	10,399
Financial assets at fair value through profit or loss	38,780	—	—	38,780
	49,179	—	—	49,179

During the period ended 30 September 2011, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2010: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. CAPITAL COMMITMENT

At 30 September 2011, the Group had the following capital commitments:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Contracted but not provided for:		
Additions of property under development	**441,311**	249,052
Additions of construction in progress	**38,002**	35,700
	479,313	284,752

23. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing bank loans of the Group are as follows:

	As at 30 September 2011 (Unaudited) HK$'000	As at 31 March 2011 (Audited) HK$'000
Prepaid lease payments	**350,393**	344,551
Property under development	**10,659**	6,398
	361,052	350,949

Shares of several subsidiaries of the Group have been pledged to secure an interest-bearing loan from a related company (note 16).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 30 September 2011 and 31 March 2011.

25. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved by the Board on 16 November 2011.