



PNG Resources

PNG Resources Holdings Limited
PNG 資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 221



2012 Interim Report



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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

INVESTMENT COMMITTEE

Mr. Chan Chun Hong, Thomas
(*Chairman*)
Mr. Cheung Wai Kai
Mr. Cheung Sau Wah, Joseph, *PMSM*

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

LEGAL ADVISERS

DLA Piper Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

HSBC Trustee (Cayman) Limited
P.O. Box 484, HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
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 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION AND BUSINESS REVIEW

During the six months ended 30 September 2012 under review, the Company was principally engaged in investment holding and the Group was principally engaged in the businesses of property development in the People’s Republic of China (the “**PRC**”), forestry and logging operations in Papua New Guinea (“**PNG**”) and retailing of fresh pork meat and related produce in Hong Kong.

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK\$154.7 million (2011: approximately HK\$33.5 million), representing a significant growth of approximately 362% as compared to the corresponding period of last year. The growth is primarily attributable to the turnover generated from property sales in the PRC which amounted to approximately HK\$120.8 million (2011: Nil). Turnover generated from the sale of fresh pork meat and related produce was stable and amounted to approximately HK\$33.9 million (2011: approximately HK\$33.5 million). Gross profit margin increased from approximately 26.9% to approximately 35.4% mainly due to the higher profit margin from property sales in the PRC and decrease in cost of goods sold of our fresh pork meat and related produce.

The Group’s loss after tax attributable to owners of the Company for the same period was approximately HK\$10.4 million (2011: loss of approximately HK\$45.1 million). The decrease in loss is mainly due to, among other things, the contribution from the revenue and profit realised from the sale of property in the PRC and the reduction of unrealised loss on financial assets at fair value through profit or loss.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Property Development

As at 30 September 2012, 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 <i>(square feet)</i>	Approximate saleable area <i>(square feet)</i>	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		<u>3,090,000</u>	<u>6,800,000</u>	

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 90% and 80% of residential units which had been put up for sale at the Fuzhou and Dongguan projects, respectively. The construction of the first portion and the remaining portion of the first phase of the Fuzhou project was completed in early 2012 and September 2012, respectively. The Group expects the construction of the first and second phases of the Dongguan project to be substantially completed in late 2012, while the construction of the second phase of the Fuzhou project is expected to be substantially completed in the first half of 2013.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Natural Resources Business in PNG

The Group entered into the natural resources business after it completed 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, although it is in the process to obtain the remaining relevant licences to begin production. 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 pomelia pin, celtis, intsia, terminalia spp, canarium ind etc., and the project was valued at approximately HK\$479.7 million as at 30 September 2012 (31 March 2012: approximately HK\$493.0 million). 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 PRC's huge population with its rapid urbanisation and rising level of affluence is expected to provide the foundation for the PRC economy to remain relatively robust. In spite of a slowdown in economic activities, the PRC will remain a large importer of timber products globally. These factors give confidence to the Group in the long-term potential of the logging business and the timber trading market. Management expects the contribution from this segment will surge once the remaining relevant licences are granted by the authorities.

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)*

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 increased to 18 as of 30 September 2012, compared to 17 as of 30 September 2011. Fresh pork meat and related produce sales will continue to contribute stable cashflow to the Group.

Future Plans and Prospects

Looking forward, with the economic environment abroad deteriorating, the foreign trade in the PRC continued to slow down and likely at a faster rate in the future. Fortunately, the launch of tight monetary policy in the past two years finally put inflation under control and the PRC Government has cut the deposit reserve requirement ratio since last December. In addition, in June 2012, the benchmark interest rate for loans was reduced. These measures, arising a series of others are aimed at stabilising the economic growth.

Under more and stricter tightening measures towards the PRC property market, speculation and investment are effectively curbed while reduction in transaction volume and softening of house prices continue. Despite the short-term fluctuation in the PRC property market, the Group 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. Given the success in the pre-sale of stock of properties in the PRC, it is expected that the Group will record a substantial improvement in its results for the year ending 31 March 2013. 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Future Plans and Prospects (Continued)

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.

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 exchange rate fluctuation 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 at the residential and commercial projects in the PRC and utilise the proceeds from the sales of completed units at these projects to repay the RMB bank borrowings. In order to minimise the exchange rate risk of Kina, the Group will consider utilising 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)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources

The Group's total assets as at 30 September 2012 were approximately HK\$2,341.4 million (31 March 2012: approximately HK\$2,135.6 million) which were financed by total liabilities and total equity of approximately HK\$1,590.3 million (31 March 2012: approximately HK\$1,363.0 million) and approximately HK\$751.0 million (31 March 2012: approximately HK\$772.6 million), respectively. The current ratio as at 30 September 2012 was approximately 1.2 times (31 March 2012: approximately 1.2 times).

As at 30 September 2012, the Group's aggregate bank borrowings amounted to approximately HK\$199.3 million (31 March 2012: approximately HK\$119.8 million). The gearing ratio was approximately 43.3% (31 March 2012: approximately 55.0%), calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group.

In June 2012, the Group has drawn down a new bank loan amounted to equivalent to approximately HK\$111.0 million (RMB90.0 million). The bank loan is secured by certain PRC land reserves and property under development of the Group, which carries interest at 120% of the prevailing market borrowing rate quoted by the People's Bank of China and is repayable in or before June 2015.

In July 2012, the Group repaid the loan with a principal amount of HK\$65.0 million and related interest of approximately HK\$12.9 million to Fully Finance Limited ("**Fully Finance**") and the total outstanding loans from Fully Finance was reduced to HK\$240.0 million. As at 30 September 2012, the total outstanding loans from Gain Better Investments Limited ("**Gain Better**"), the substantial shareholder of the Company, remained at HK\$215.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 30 September 2012, the Group had no significant contingent liability (31 March 2012: Nil). The PRC land reserves and property under development with a carrying value of approximately HK\$243.6 million (31 March 2012: approximately HK\$299.0 million) and approximately HK\$8.2 million (31 March 2012: approximately HK\$10.5 million), respectively, were pledged to secure the Group's banking facilities.

As at 30 September 2012, shares of several subsidiaries of the Group were pledged to secure a loan facility in an aggregate principal sum of HK\$135 million from Fully Finance.

CAPITAL COMMITMENT

The Group's capital commitment as at 30 September 2012 amounted to approximately HK\$281.9 million (31 March 2012: approximately HK\$372.4 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group had a total of 89 employees (31 March 2012: 92). 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.

The Group has also adopted a performance based reward system to motivate its staff and such system is reviewed on a regular basis. On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted a new share option scheme (collectively the "**Share Option Schemes**") in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). During the period under review, the Board did not grant any share option under the corresponding Share Option Schemes to the Directors or eligible employees of the Group to subscribe for shares of the Company and as at 30 September 2012, there was no outstanding share option under the Share Option Schemes.

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 2012, none of the Directors, chief executives of the Company, nor 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 of Hong Kong Limited (the "**Stock Exchange**") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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 2012 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 executives 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

To the best of the Directors' knowledge, as at 30 September 2012, the following persons (other than the Directors or chief executives of the Company) had, or was 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 and the Stock Exchange pursuant to section 336 of the SFO or, who had notified the Company of the relevant interests or short positions in the shares or 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 <i>(Note 1)</i>	3,813,835,000	49.59
Wai Yuen Tong Medicine Holdings Limited ("WYT") <i>(Note 1)</i>	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 2012 of 7,691,500,000 shares.

Save as disclosed above, as at 30 September 2012, there were no other persons (other than the Directors or chief executives 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 has adopted a performance based reward system to motivate its staff and such system is reviewed on a regular basis. On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted a new share option scheme in compliance with Chapter 17 of the Listing Rules. The new share option scheme became effective on 21 August 2012 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 2012, the Board did not grant any share option under the Share Option Schemes to the Directors or eligible employees of the Group to subscribe for shares in the Company and as at 30 September 2012, there was no outstanding share option(s) under the Share Option Schemes.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code effective from 1 April 2012 (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2012 except for the following deviations:

Code provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive 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 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 CORPORATE GOVERNANCE CODE *(Continued)*

Code provision A.6.7

Under code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Sin Ka Man, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 21 August 2012 due to an overseas engagement as provided for in code provision A.6.7 of the CG Code.

The Group will continue to review and recommend such proposals, as appropriate, in aspect of such deviations 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 DIRECTOR'S INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

On 30 July 2012, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) had invited Mr. Yuen Kam Ho, George as its council member.

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 2012.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. 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.

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 2012.

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

Hong Kong, 14 November 2012

INTERIM RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in 2011. 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 2012

		For the six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
	<i>Notes</i>		
Turnover	4	154,653	33,454
Cost of sales		(99,833)	(24,448)
Gross profit		54,820	9,006
Other revenue	4	836	1,808
Selling and distribution expenses		(14,111)	(9,160)
Administrative expenses		(26,120)	(26,441)
Change in fair value of plantation assets	11	(13,283)	18,158
Share of results of an associate	12	8,087	—
Net loss on financial assets at fair value through profit or loss		(5,954)	(22,072)
Impairment of available-for-sale financial assets		—	(9,827)
Gain on acquisition of an associate		—	20,027
Finance costs	5	(19,660)	(16,400)
Loss before taxation	6	(15,385)	(34,901)
Taxation	7	(1,561)	(5,447)
Loss for the period		(16,946)	(40,348)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 September 2012

	For the six months ended 30 September	
Notes	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Other comprehensive (loss)/income		
Share of changes in other comprehensive loss in an associate	(4,109)	—
Exchange differences arising on translation of financial statements of overseas subsidiaries	(563)	16,972
Other comprehensive (loss)/income for the period	(4,672)	16,972
Total comprehensive loss for the period	(21,618)	(23,376)
Loss for the period attributable to:		
— Owners of the Company	(10,393)	(45,144)
— Non-controlling interests	(6,553)	4,796
	(16,946)	(40,348)
Total comprehensive loss attributable to:		
— Owners of the Company	(15,885)	(28,430)
— Non-controlling interests	(5,733)	5,054
	(21,618)	(23,376)
Loss per share attributable to owners of the Company for the period		
— Basic and diluted	(HK0.14 cents)	(HK0.59 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	5,166	5,319
Property under development		76,557	149,048
Prepaid lease payments	10	317,011	372,682
Plantation assets	11	479,700	492,983
Concession rights		12,286	12,418
Interest in an associate	12	217,290	213,312
		1,108,010	1,245,762
Current assets			
Stock of properties	13	778,991	575,311
Inventories	14	150	200
Trade receivables	15	18	20
Prepayments, deposits and other receivables		115,802	83,408
Financial assets at fair value through profit or loss		9,365	15,951
Time deposits		4,007	7,941
Cash and bank balances		325,020	207,013
		1,233,353	889,844
Less: Current liabilities			
Trade payables	16	279	—
Deposits received, accruals and other payables		66,930	74,090
Receipts in advance		707,695	486,202
Amounts due to related companies		6,195	5,740
Tax payable		7,099	5,322
Interest-bearing bank loans		199,313	119,797
Interest-bearing loans from a related company	17	—	65,000
Interest-bearing loans from an immediate holding company	18	15,000	—
		1,002,511	756,151
Net current assets		230,842	133,693
Total assets less current liabilities		1,338,852	1,379,455

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 September 2012

	Notes	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Less: Non-current liabilities			
Interest-bearing loans from a related company	17	240,000	240,000
Interest-bearing loans from an immediate holding company	18	200,000	215,000
Deferred taxation		147,828	151,813
		<u>587,828</u>	<u>606,813</u>
Net assets		<u>751,024</u>	<u>772,642</u>
Capital and reserves			
Share capital	19	76,915	76,915
Reserves		514,592	530,477
Equity attributable to owners of the Company		591,507	607,392
Non-controlling interests		159,517	165,250
Total equity		<u>751,024</u>	<u>772,642</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to equity holders of the Company					Attributable to owners of the Company	Non- controlling interests	Total equity
	Share capital	Share premium	Exchange fluctuation reserve	Other reserve (Note)	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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)	<u>76,915</u>	<u>647,146</u>	<u>62,891</u>	<u>—</u>	<u>(239,140)</u>	<u>547,812</u>	<u>159,688</u>	<u>707,500</u>
At 1 April 2012 (audited)	76,915	647,146	77,777	(4,240)	(190,206)	607,392	165,250	772,642
Net loss for the period	—	—	—	—	(10,393)	(10,393)	(6,553)	(16,946)
Other comprehensive (loss)/income for the period	—	—	(5,492)	—	—	(5,492)	820	(4,672)
Total comprehensive loss for the period	—	—	(5,492)	—	(10,393)	(15,885)	(5,733)	(21,618)
At 30 September 2012 (unaudited)	<u>76,915</u>	<u>647,146</u>	<u>72,285</u>	<u>(4,240)</u>	<u>(200,599)</u>	<u>591,507</u>	<u>159,517</u>	<u>751,024</u>

Note: Other reserve represents the share of the changes in the associate's ownership interests in its subsidiaries that do not result in loss of control during the year ended 31 March 2012.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Net cash generated from operating activities	243,933	291,172
Net cash used in investing activities	(143,399)	(343,277)
Net cash generated from financing activities	14,442	163,793
Net increase in cash and cash equivalents	114,976	111,688
Cash and cash equivalents at the beginning of the period	214,954	156,701
Effects of exchange rate changes on the balance of cash held in foreign currencies	(903)	4,059
Cash and cash equivalents at the end of the period	<u>329,027</u>	<u>272,448</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	325,020	260,413
Time deposits	4,007	12,035
	<u>329,027</u>	<u>272,448</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to 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**”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2012, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of new and revised HKFRSs

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations (the “**new HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial period beginning 1 April 2012.

HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

Application of new and revised HKFRSs (Continued)

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities ³
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

NOTES TO THE 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 2012 and 2011, respectively:

2012

	Forestry and logging operation (Unaudited) HK\$'000	Sales of fresh pork meat and related produce operation (Unaudited) HK\$'000	Property development operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:				
External revenue	—	33,840	120,813	154,653
Segment results	(18,114)	2,792	20,896	5,574
Unallocated interest income and gains				694
Corporate and other unallocated expenses				(4,126)
Net loss on financial assets at fair value through profit or loss				(5,954)
Share of results of an associate				8,087
Finance costs				(19,660)
Loss before taxation				(15,385)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

2011

	Forestry and logging operation (Unaudited) HK\$'000	Sales of fresh pork meat and related produce operation (Unaudited) HK\$'000	Property development operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:				
External revenue	—	33,454	—	33,454
Segment results	13,236	(396)	(15,593)	(2,753)
Unallocated interest income and 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)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2011: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. TURNOVER AND OTHER REVENUE

Turnover represents the stock of properties sold and net invoiced value of fresh pork meat and related produce, 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	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Turnover:		
Sale of stock of properties	120,813	—
Sale of fresh pork meat and related produce	33,840	33,454
	154,653	33,454

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Other revenue:		
Interest income	694	498
Sundry income	142	1,310
	836	1,808

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Effective interest on interest-bearing loans from a related company wholly repayable within five years	10,996	7,697
Effective interest on interest-bearing loans from an immediate holding company wholly repayable within five years	8,621	8,624
Effective interest on interest-bearing bank loans wholly repayable within five years	5,320	5,665
	24,937	21,986
Less: Amounts capitalised on the cost of property under developments	(5,277)	(5,586)
	19,660	16,400

The weighted average capitalisation rate on funds borrowed generally is 6.78% (six months ended 30 September 2011: 5.76%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Loss before taxation is stated at after charging/(crediting):		
Cost of inventories sold	19,072	22,634
Cost of completed properties sold	72,131	—
Business taxes and other levies	6,826	—
Depreciation of property, plant and equipment	596	620
Minimum lease payments under operating leases for land and buildings	3,940	3,848
Exchange loss/(gain)	130	(68)
Amortisation of concession right	131	131
Impairment of available-for-sale financial assets	—	9,827
Gain on acquisition of an associate	—	(20,027)
Net loss on financial assets at fair value through profit or loss	5,954	22,072

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
The Group:		
Current taxation — Hong Kong	353	—
Current taxation — mainland China	5,193	—
Deferred taxation — PNG	(3,985)	5,447
	<hr/>	<hr/>
Total tax charge for the period	1,561	5,447
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current and prior periods (six months ended 30 September 2011: Nil).

Subsidiaries in mainland China are subject to the enterprise income tax of the PRC at 25% on the estimated assessable profits arising in mainland China during the current and prior periods (six months ended 30 September 2011: Nil).

No provision for PNG profit tax has been made in the Interim Financial Statement as the subsidiaries operated in PNG had no assessable profit in the current and prior periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

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

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Loss		
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the Company)	<u>(10,393)</u>	<u>(45,144)</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>7,691,500</u>	<u>7,691,500</u>

Diluted loss per share for the periods ended 30 September 2012 and 2011 were the same as the basic loss per share. There was no dilutive event existed during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had acquired property, plant and equipment amounting approximately to HK\$399,000 (for the six months ended 30 September 2011: approximately HK\$1,249,000).

During the both periods, there was no disposal of any property, plant and equipment by the Group.

10. PREPAID LEASE PAYMENTS

	The Group HK\$'000
Cost	
At 31 March 2012 and 1 April 2012	400,725
Transfer to stock of properties	(54,329)
Exchange realignment	491
	<hr/>
At 30 September 2012	346,887
	<hr/>
Accumulated amortisation and impairment	
At 31 March 2012 and 1 April 2012	22,285
Charge for the period	3,936
Transfer to stock of properties	(1,382)
Exchange realignment	100
	<hr/>
At 30 September 2012	24,939
	<hr/>
Net book value	
At 30 September 2012 (unaudited)	321,948
	<hr/> <hr/>
At 31 March 2012 (audited)	378,440
	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. PREPAID LEASE PAYMENTS *(Continued)*

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\$3,936,000 (for the six months ended 30 September 2011: approximately HK\$3,888,000) has been capitalised to properties under development for the period.

No reversal of impairment loss and further impairment loss (for the six months ended 30 September 2011: Nil) in respect of prepaid lease payments was recognised during the period ended 30 September 2012 by reference to the valuation report issued by Savills Valuation and Professional Services Limited, an independent qualified professional valuers at 30 September 2012 and 30 September 2011 which valued the assets on market value basis.

As at 30 September 2012, prepaid lease payment of approximately HK\$243,561,000 was pledged for interest-bearing bank loans (31 March 2012: approximately HK\$299,072,000) (note 24).

Analysed for reporting purposes as:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Current assets (included in prepayments, deposits and other receivables)	4,937	5,758
Non-current assets	317,011	372,682
	321,948	378,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. PLANTATION ASSETS

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
At the beginning of the period	492,983	454,740
Changes in fair value less costs to sell	(13,283)	38,243
At the end of the period	479,700	492,983

12. INTEREST IN AN ASSOCIATE

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Cost of investment in an associate — listed in Hong Kong	135,508	135,508
Share of net assets	217,290	213,312

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. INTEREST IN AN ASSOCIATE *(Continued)*

In June 2011, China Agri-Products Exchange Limited (“CAP”), whose shares are listed on the Stock Exchange (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\$134,936,000 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.

Details of the Group’s associate which is held indirectly by the Company at 30 September 2012 and 31 March 2012 are as follows:

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held	Proportion of voting power held	Principal activities
CAP	Limited company	Bermuda	HK and the PRC	Ordinary	28.22%	28.22%	Property rental and sale

For the purpose of applying the equity method of accounting for the current period, the unaudited consolidated financial statements of CAP for the six months ended 30 June 2012 have been used.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. INTEREST IN AN ASSOCIATE *(Continued)*

The summarised financial information in respect of the Group's interests in an associate is set out below:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Revenue for the period	127,990	135,868
Profit for the period attributable to the owners of the associate	28,658	192,161
Profit attributable to the Group	8,087	74,677
Other comprehensive (loss)/income attributable to the Group	(4,109)	7,792
Total assets	3,056,357	2,927,943
Total liabilities	(1,974,012)	(1,892,592)
Non-controlling interests	1,082,345 (312,492)	1,035,351 (279,594)
Total equity attributable to the owners of the associate	769,853	755,757
Net assets attributable to the Group	217,290	213,312
Market value of interest in an associate	270,899	368,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. STOCK OF PROPERTIES

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Completed properties	30,986	54,733
Properties under development	748,005	520,578
	778,991	575,311

14. INVENTORIES

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Fresh pork meat and related produce	150	200

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. 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 2012: 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 2012. The Group does not hold any collateral over these balances.

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Trade receivables	54	57
Less: Impairment loss	(36)	(37)
	18	20

The aged analysis of trade receivables as at the end of the reporting period, based on invoice date, net of impairment is as follows:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Within 30 days	18	20

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. TRADE RECEIVABLES *(Continued)*

Movements of impairment loss on trade receivables:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
At the beginning of the period	37	42
Impairment loss reversed	(1)	(5)
	<hr/> 36 <hr/>	<hr/> 37 <hr/>
At the end of the period		37

As at 30 September 2012, the Group's trade receivables of approximately HK\$36,000 (31 March 2012: approximately HK\$37,000) were individually determined 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.

16. 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 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Within 90 days	279	—
	<hr/> 279 <hr/>	<hr/> — <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. INTEREST-BEARING LOANS FROM A RELATED COMPANY

During the period, the Group has repaid the loan with a principal amount of HK\$65,000,000 and related interest of approximately HK\$12,900,000 to Fully Finance.

During the period ended 30 September 2011, the Group obtained loans with principal amount of HK\$35,000,000 and HK\$135,000,000 from Fully Finance. The loan of HK\$35,000,000 is unsecured, carries interest at 8% per annum and is repayable on 12 April 2014. The loan of HK\$135,000,000 is secured by the shares of several subsidiaries of the Group (Note 24), 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 15 March 2014, 15 June 2014 and 3 November 2014 respectively.

As at 30 September 2012, all the loans from Fully Finance are classified under non-current liabilities.

18. 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, to extend the repayment date of the loan with a principal amount of HK\$10,000,000 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 loan obtained from Gain Better with principal amount of HK\$190,000,000, is unsecured, carries interest at 8% per annum and is repayable on 12 November 2013. A loan with principal amount of HK\$15,000,000 is unsecured, carries interest at 8% per annum and repayable on 10 August 2013 is classified under current liabilities.

As at 30 September 2012, except the loan with a principal amount of HK\$15,000,000, the other loans are classified under non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 31 March 2012 and 1 April 2012 ordinary shares of HK\$0.01 each (audited)	20,000,000	200,000
At 30 September 2012, ordinary shares of HK\$0.01 each (unaudited)	20,000,000	200,000
Issued and fully paid:		
At 31 March 2012 and 1 April 2012 ordinary shares of HK\$0.01 each (audited)	7,691,500	76,915
At 30 September 2012, 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 12 of this interim report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. 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 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Within one year	4,381	6,676
In the second to fifth years, inclusive	3,120	3,703
	7,501	10,379

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. 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	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Rental paid by the Group to Wang On Group Limited ("WOG") and its subsidiaries	3,246	3,257
Rental paid by the Group to WYT and its subsidiaries	275	250
Interest on related company's loans paid by the Group to WOG and its subsidiaries	10,996	7,697
Interest on shareholder's loans paid by the Group to WYT and its subsidiaries	8,621	8,624

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. 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	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	3,297	2,365
Employer contribution to pension scheme	31	28
	3,328	2,393

22. 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 THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. FAIR VALUE HIERARCHY *(Continued)*

Assets measured at fair value:

The Group

As at 30 September 2012

	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	9,365	—	—	9,365

As at 31 March 2012

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Financial assets at fair value through profit or loss	15,951	—	—	15,951

During the period ended 30 September 2012, 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 2011: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. CAPITAL COMMITMENT

At 30 September 2012, the Group had the following capital commitments:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Contracted but not provided for:		
Additions of property under development	241,301	331,691
Additions of construction in progress	40,648	40,713
	281,949	372,404

24. PLEDGED OF ASSETS

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

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Prepaid lease payment	243,561	299,072
Property under development	8,179	10,462
	251,740	309,534

Shares of several subsidiaries of the Group have been pledged to secure an interest-bearing loan from a related company (Note 17).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 30 September 2012 and 31 March 2012.

26. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved by the Board on 14 November 2012.