



PNG Resources Holdings Limited

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

PNG Resources



2014
Interim Report

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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. Yin 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

Mr. Cheung Chin Wa, Angus

LEGAL ADVISERS

DLA Piper Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
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

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

Codan (Services) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
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**”) do not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2014, the Group recorded a turnover of approximately HK\$454.7 million (2013: approximately HK\$525.1 million), representing a slight decrease of approximately 13.4%, of which turnover generated from property sales in the People’s Republic of China (the “**PRC**”) amounted to approximately HK\$422.2 million (2013: approximately HK\$490.5 million).

The Group’s net profit after tax attributable to the owners of the Company for the period was approximately HK\$48.7 million (2013: approximately HK\$14.8 million). This is mainly due to the net effect of, among other things, the increase in profit realised from the Group’s sales of properties in the PRC and the increase in fair value of the financial assets at fair value through profit or loss, net of the loss on deemed disposal of an associate of the Group.

OPERATION AND BUSINESS REVIEW

During the period under review, the Group was principally engaged in the businesses of property development in the PRC, retailing of the fresh pork and related produce in Hong Kong and owned a forestry and logging project in Papua New Guinea (“**PNG**”) which has been disposed of.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Property Development

As at 30 September 2014, the Group held approximately 1.2 million square feet site area of residential and commercial land reserves in two projects in the PRC. As at the date of this 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%	0.9 million	2.3 million	Residential cum commercial complex
Dongguan, Guangdong Province	100%	0.3 million	0.4 million	Residential cum commercial complex
Total		1.2 million	2.7 million	

The construction of the third and fourth phases of the Fuzhou project was completed in the first half of 2014. The pre-sale of the fifth phase is in progress and its construction is expected to be completed by the end of 2015.

The construction of the first and second phases of the Dongguan project was completed in late 2013 and the third phase is expected to be completed by the end of 2014.

As at the date of this report, the Group has sold more than 96% and 65% of residential and commercial units which had been put up for sales under the Fuzhou and Dongguan projects, respectively. The Group's turnover of property sales for the period ended 30 September 2014 was approximately HK\$422.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Retail of Fresh Pork and Related Produce

The sales of fresh pork and related produce in Hong Kong continued to generate steady income and cash flow for the Group. The Group operated 14 stalls as at 30 September 2014 (31 March 2014: 14).

Natural Resources Business in PNG

The Group entered into the natural resources business after completion of a forestry project in PNG in October 2009. The project is to carry on business in timber logging, growing cereals and the plantation of oil palm and teak.

On 19 September 2013, Rich Skill Investments Limited, an indirect wholly-owned subsidiary of the Company, and Ms. To Yuk Fung, a former Director, entered into an agreement in relation to (i) the Group's disposal of its entire 51% shareholding in Skywalker Global Resources Company Limited which holds the project in PNG; and (ii) assigning all rights and title to the Group's shareholder's loan, for a total consideration of HK\$62,000,000. Details of the transaction were disclosed in the announcement of the Company dated 19 September 2013 and the circular of the Company dated 7 November 2013.

Liquidity and Financial Resources

The Group's total assets as at 30 September 2014 were approximately HK\$2,598.3 million (31 March 2014: approximately HK\$2,435.1 million) which were financed by total liabilities and total equity of approximately HK\$1,579.8 million (31 March 2014: approximately HK\$1,496.1 million) and approximately HK\$1,018.5 million (31 March 2014: approximately HK\$939.0 million), respectively. The current ratio as at 30 September 2014 was approximately 1.5 times (31 March 2014: approximately 1.4 times).

As at 30 September 2014, the Group's aggregate bank borrowings amounted to approximately HK\$293.8 million (31 March 2014: approximately HK\$199.8 million). The gearing ratio was calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group. As at 30 September 2014 and 31 March 2014, the balance of cash and cash equivalents of the Group was larger than the total borrowings of the Group, the gearing ratio was nil.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources (Continued)

During the period under review, the Group repaid the loan at a fixed interest rate of 8% per annum and in the outstanding aggregate principal amount of HK\$107.4 million to Emperor Smart Investments Limited ("**Emperor Smart**"), a wholly-owned subsidiary of Wang On Group Limited ("**WOG**"). As at 30 September 2014, there is no outstanding amount of loan from Emperor Smart. The total outstanding principal amount of the loans at a fixed interest rate of 10% per annum from Hearty Limited ("**Hearty**"), a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("**WYT**"), which would fall due in November 2016 was HK\$190.0 million and would fall due in July 2017 was HK\$10.0 million as at 30 September 2014. In October 2014, the Group repaid the loans from Hearty in full. Both WOG and WYT were substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) of the Company as at 30 September 2014.

Exposure to Fluctuation in Exchange Rates

The revenue, bank deposits and operating costs of the Group are mainly denominated in Hong Kong dollars, Renminbi ("**RMB**") and PNG Kina ("**Kina**"). The Group is not exposed to any material foreign currency exchange risk.

Employees and Remuneration Policy

As at 30 September 2014, the Group had a total of 193 employees (2013: 120), in which 36 employees were located in Hong Kong and 157 employees were located in the PRC. 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.

Contingent Liabilities and Charge on Assets

As at 30 September 2014, the Group had no significant contingent liability (31 March 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Contingent Liabilities and Charge on Assets (Continued)

As at 30 September 2014, the PRC land reserves and property under development with a carrying value of approximately HK\$150.2 million (31 March 2014: approximately HK\$148.5 million) and approximately HK\$247.3 million (31 March 2014: approximately HK\$188.5 million) were pledged to secure the Group's banking facilities.

Capital Commitment

The Group's capital commitment as at 30 September 2014 amounted to approximately HK\$362.9 million (31 March 2014: approximately HK\$700.1 million).

Material Transactions After Reporting Period

On 4 October 2014, the Group entered into a subscription agreement with China Agri-Products Exchange Limited ("**CAP**"), WOG, WYT and CCB International Capital Limited under which the Group would, among others and subject to certain conditions, subscribe the 5-year bonds at the interest rate of 10% per annum issued by CAP up to a maximum principal amount of HK\$150.0 million. Details of the transaction were disclosed in the Company's joint announcement and its circular dated 4 October 2014 and 24 October 2014, respectively.

On 24 October 2014, the Group entered into an agreement with the Kaifeng Yuwangtai Government in relation to a possible development project in Kaifeng City, Henan Province, the PRC, pursuant to which the Group would prepay an aggregate of RMB60 million to Kaifeng Yuwangtai Government for the possible development project. Details of the transaction were disclosed in the Company's announcement dated 24 October 2014.

Financial impact of the placings done by an associate of the Group

References were made to the announcements of CAP dated 22 August 2014 and 3 September 2014 in relation to its placing of 250,000,000 new shares of CAP (the "**First CAP Placing**") and the announcements of CAP dated 24 October 2014 and 6 November 2014 in relation to the placing of 220,000,000 new shares of CAP (the "**Second CAP Placing**", together with the First CAP Placing, the "**Placings**").

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Financial impact of the placings done by an associate of the Group (Continued)

The Group had recorded the losses on the deemed disposal of interest in an associate of the Group of approximately HK\$56.1 million for the First CAP Placing as disclosed in the consolidated statement of profit or loss and other comprehensive income in this report. In addition, the Company estimated that, based on the information currently available, the Group is expected to record further losses on the deemed disposal of an associate of the Group of approximately HK\$38.6 million due to the Second CAP Placing for the year ending 31 March 2015. The Group currently holds 346,192,728 shares of CAP, representing approximately 27.60% before the completion of the First CAP Placing, approximately 23.02% before the completion of the Second CAP Placing and approximately 20.08% after the completion of the Placings and as of the date of this report. The information set out above relating to the Second CAP Placing is only based on the Board's preliminary review on information currently available to the Group, which have not been confirmed or reviewed by the Company's auditors or audit committee. The reviewed audited consolidated final results of the Group for the year ending 31 March 2015 reflecting the losses from the Placings would be announced by the Company in accordance with the requirements under the Listing Rules.

Fund Raising Activities

On 20 November 2013, the Company entered into a top-up placing and subscription agreement with Gain Better Investments Limited, a wholly-owned subsidiary of WYT, and Kingston Securities Limited in relation to, the top-up placing of 1,538,000,000 shares in the Company (the "**2013 Top-up Placing**") and the top-up subscription of 1,538,000,000 shares in the Company (the "**2013 Top-up Subscription**"). The 2013 Top-up Placing and the 2013 Top-up Subscription completed on 25 November 2013 and 27 November 2013, respectively. The aggregate gross and net proceeds from the 2013 Top-up Subscription were approximately HK\$153.8 million and approximately HK\$148.9 million, respectively. The Company intended to utilise the net proceeds as to approximately HK\$100.0 million for future development and the financing of any possible investment opportunities that may arise, approximately HK\$30.0 million for repayment of interest bearing loans and the remaining balance of approximately HK\$18.9 million for general working capital of the Group. As at 30 September 2014, the net proceeds were fully utilised as intended, in which approximately HK\$100.0 million was used for subscription of the shares in CAP under CAP's rights issue (details of the transaction were disclosed in the joint announcement and the circular of the Company dated 19 December 2013 and 23 January 2014 and the announcement of the Company dated 12 February 2014); approximately HK\$30.0 million was used for repayment of interest-bearing loans; and the remaining balance of approximately HK\$18.9 million for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Fund Raising Activities (Continued)

On 12 September 2014, the Company entered into (i) a top-up placing and subscription agreement with Ever Task Limited, a wholly-owned subsidiary of WOG, and Kingston Securities Limited in relation to, the top-up placing of 150,000,000 shares in the Company (the “**2014 Top-up Placing**”) and the top-up subscription of 150,000,000 shares in the Company (the “**2014 Top-up Subscription**”); and (ii) a new issue placing agreement with Kingston Securities Limited in relation to the placing of 34,000,000 new shares in the Company (the “**New Issue Placing**”). The 2014 Top-up Placing, the 2014 Top-up Subscription and the New Issue Placing completed on 22 September 2014, 26 September 2014 and 29 September 2014, respectively. The aggregate gross and net proceeds from the 2014 Top-up Subscription and the New Issue Placing were approximately HK\$59.8 million and approximately HK\$57.7 million, respectively. The Company intended to utilise all the net proceeds for future development and other potential investment. As at 30 September 2014, approximately HK\$57.7 million have not been used and was held as bank deposit and would be used for the purposes as intended.

Future Plans and Prospects

In the first half of 2014, PRC’s property market growth slowed and housing sales also fell. In late September 2014, the Chinese Central Bank cut mortgage rates and down payment levels for some home buyers and these new measures expanded the pool of eligible home buyers applying for mortgage loans.

In view of the continuous progress of urbanisation, the Group was optimistic about the long term development in the PRC property market and explores opportunities to expand our land bank for both residential and commercial development.

The Group will continue to explore new potential business opportunities to deliver long-term benefits to shareholders.

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 2014, none of the Directors and 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 2014 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.

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

To the best of the Directors' knowledge, as at 30 September 2014, the following persons (other than the Directors or chief executive 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:

DISCLOSURE OF INTERESTS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Long positions in the shares of the Company:

Name of shareholder	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital <i>(Note 3)</i> %
WYT <i>(Note 1)</i>	Interest of a controlled corporation	266,383,500	24.06
WOG <i>(Note 2)</i>	Interest of a controlled corporation	157,218,400	14.20

Notes:

- (1) Hearty Limited held 266,383,500 shares of the Company and is an indirect wholly-owned subsidiary of WYT.
- (2) Wang On Enterprises (BVI) Limited, a wholly-owned subsidiary of WOG, was the sole shareholder of Ever Task Limited and Vast Shine Investments Limited. Vast Shine Investments Limited was the sole shareholder of Mailful Investments Limited which held 4,000,000 shares of the Company and Ever Task Limited held 153,218,400 shares of the Company.
- (3) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2014 of 1,106,950,000 shares.

Save as disclosed above, as at 30 September 2014, 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 (the “**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.

As at 30 September 2014, no share options under the New Share Option Scheme remained outstanding. During the six months ended 30 September 2014, no share options had been granted, exercised, lapsed and cancelled. As at the date of this interim report, the maximum number of shares available for issue upon exercise of all options to be granted under the New Share Option Scheme shall not exceed 76,915,000, representing approximately 6.95% of the total issued share capital of the Company.

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 (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2014 except for the following deviation:

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE *(Continued)*

Code provision A.2.1 (Continued)

Mr. Chan Chun Hong, Thomas currently takes up the roles of both the 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.

The Group will continue to review and recommend such proposals, as appropriate, in respect 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.

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

Pursuant to two loan agreements dated 4 February 2013 and 6 March 2013 entered into between Peony Finance Limited ("**Peony Finance**"), an indirect wholly-owned subsidiary of the Company and CAP, Peony Finance agreed to provide two loan facilities of HK\$60 million and HK\$140 million, respectively for a period of up to 3 February 2016 and 31 March 2016 with the same interest rate of 11% per annum (the "**Loan Facilities**"). Details of the Loan Facilities were disclosed in the announcements of the Company dated 4 February 2013, 6 March 2013 and 18 April 2013 and the circular of the Company dated 27 March 2013. The Group advanced an aggregate of HK\$200 million to CAP under the Loan Facilities which remained outstanding as at the end of the reporting period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

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

Directors' Emoluments

With effect from 1 April 2014, the basic annual salary payable to Mr. Chan Chun Hong, Thomas has been increased by HK\$37,920, to Mr. Cheung Wai Kai has been increased by HK\$7,800, respectively.

Director's Position

Mr. Chan Chun Hong, Thomas has resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited (a company listed on the Stock Exchange) with effect from 27 June 2014.

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 2014.

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 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 and the interim report for the six months ended 30 September 2014.

By Order of the Board

Chan Chun Hong, Thomas

Chairman and Managing Director

Hong Kong, 19 November 2014

INTERIM RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2014, together with the comparative figures for the corresponding period in 2013. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		For the six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
	<i>Notes</i>		
Continuing operations			
Turnover	4	454,684	525,102
Cost of sales		(285,943)	(430,544)
Gross profit		168,741	94,558
Other revenue	4	15,244	10,940
Selling and distribution expenses		(20,524)	(25,654)
Administrative expenses		(36,830)	(36,884)
Share of results of an associate		4,586	10,743
Loss on deemed disposal of interest in an associate		(56,083)	—
Net gain on financial assets at fair value through profit or loss		20,361	7,513
Finance costs	5	(13,461)	(14,945)
Profit before taxation	6	82,034	46,271
Taxation	7	(33,269)	(12,323)
Profit for the period from continuing operations		48,765	33,948
Discontinued operation			
Loss for the period from discontinued operation	8	(129)	(37,633)
Profit/(loss) for the period		48,636	(3,685)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2014

		For the six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
	Notes		
Other comprehensive (loss)/income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of changes in other comprehensive income in an associate		(21,859)	10,710
Reclassification adjustment on share of changes in other comprehensive income in an associate		(192)	—
Exchange differences arising on translation of financial statements of overseas subsidiaries		4,322	8,522
Other comprehensive (loss)/income for the period		(17,729)	19,232
Total comprehensive income for the period		30,907	15,547
Profit/(loss) for the period attributable to:			
— Owners of the Company		48,699	14,755
— Non-controlling interests		(63)	(18,440)
		48,636	(3,685)
Total comprehensive income/(loss) attributable to:			
— Owners of the Company		30,757	35,088
— Non-controlling interests		150	(19,541)
		30,907	15,547
Earnings per share attributable to owners of the Company for the period	9		
For continuing and discontinued operations			
— Basic and diluted		HK5.26 cents	HK1.92 cents
For continuing operations			
— Basic and diluted		HK5.26 cents	HK4.41 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	5,594	4,592
Property under development		45,796	73,074
Prepaid lease payments	12	35,085	71,406
Interest in an associate	13	394,345	467,893
Loans receivables		210,626	207,317
		691,446	824,282
Current assets			
Stock of properties	14	799,706	653,965
Inventories	15	166	109
Trade receivables	16	24	21
Prepayments, deposits and other receivables		100,727	152,411
Financial assets at fair value through profit or loss		87,041	66,679
Time deposits		555,609	43,114
Cash and bank balances		185,564	521,566
		1,728,837	1,437,865
Assets classified as held for sale	17	178,049	172,963
		1,906,886	1,610,828
Less: Current liabilities			
Trade payables	18	159	570
Deposits received, accruals and other payables		184,027	244,932
Receipts in advance		801,029	661,581
Tax payable		41,415	26,985
Interest-bearing bank loans		162,513	89,910
Interest-bearing loans	19	—	107,640
		1,189,143	1,131,618
Liabilities directly associated with assets classified as held for sale	17	59,341	54,563
		1,248,484	1,186,181
Net current assets		658,402	424,647
Total assets less current liabilities		1,349,848	1,248,929

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2014

	Notes	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Less: Non-current liabilities			
Interest-bearing bank loans		131,300	109,891
Interest-bearing loans from an immediate holding company	20	200,000	200,000
		331,300	309,891
Net assets		1,018,548	939,038
Capital and reserves			
Share capital	21	11,070	92,295
Reserves		965,847	805,262
Equity attributable to owners of the Company		976,917	897,557
Non-controlling interests		41,631	41,481
Total equity		1,018,548	939,038

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Exchange fluctuation reserve	Other reserve (note i)	Statutory reserve fund (note ii)	Statutory (Accumulated losses)/ retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	76,915	647,146	—	87,434	(4,240)	1,946	(149,890)	659,311	144,691	804,002
Profit/(loss) for the period	—	—	—	—	—	—	14,755	14,755	(18,440)	(3,685)
Other comprehensive income/(loss) for the period	—	—	—	20,333	—	—	—	20,333	(1,101)	19,232
Total comprehensive income/(loss) for the period	—	—	—	20,333	—	—	14,755	35,088	(19,541)	15,547
Dividend paid	—	—	—	—	—	—	(7,692)	(7,692)	—	(7,692)
Share premium reduction (note iii)	—	(149,890)	—	—	—	—	149,890	—	—	—
Transfer to statutory reserve fund	—	—	—	—	—	240	(240)	—	—	—
At 30 September 2013 (unaudited)	76,915	497,256	—	107,767	(4,240)	2,186	6,823	686,707	125,150	811,857
At 1 April 2014 (audited)	92,295	631,004	—	107,244	(4,240)	6,144	65,110	897,557	41,481	939,038
Profit/(loss) for the period	—	—	—	—	—	—	48,699	48,699	(63)	48,636
Other comprehensive (loss)/income for the period	—	—	—	(17,942)	—	—	—	(17,942)	213	(17,729)
Total comprehensive (loss)/income for the period	—	—	—	(17,942)	—	—	48,699	30,757	150	30,907
Dividend paid	—	—	—	—	—	—	(9,230)	(9,230)	—	(9,230)
Share premium cancellation (note iv)	—	(631,004)	631,004	—	—	—	—	—	—	—
Capital reorganisation (note v)	(83,065)	—	83,065	—	—	—	—	—	—	—
Placing of shares (note vi)	1,840	57,960	—	—	—	—	—	59,800	—	59,800
Expenses incurred in connection with the placing of shares	—	(1,967)	—	—	—	—	—	(1,967)	—	(1,967)
Transfer to statutory reserve fund	—	—	—	—	—	725	(725)	—	—	—
At 30 September 2014 (unaudited)	11,070	55,993	714,069	89,302	(4,240)	6,869	103,854	976,917	41,631	1,018,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 September 2014

note:

- (i) 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 in previous year.
- (ii) According to the relevant People's Republic of China (the "PRC") regulations applicable to PRC group companies are foreign investment enterprises, each of these subsidiaries is required to allocate a certain portion (not less than 10%) of its profit after tax, as determined in accordance with the PRC Accounting Regulations, to the statutory reserve fund until such reserve reaches 50% of its registered capital.
- (iii) On 29 August 2013, the share premium reduction has been approved in the annual general meeting of the Company. The share premium account of the Company was reduced by approximately HK\$149,890,000 and therefore the accumulated losses were eliminated by the same amount.
- (iv) On 16 July 2014, the share premium cancellation has been approved in the annual general meeting of the Company. The share premium account of the Company with credit balance of approximately HK\$631,004,000 was transferred to contributed surplus account as of that date.
- (v) On 20 August 2014, the capital reorganisation was completed. The issued share capital of the Company was reduced by approximately HK\$83,065,000 and credited to the contributed surplus account.
- (vi) On 12 September 2014, the Company entered into (i) a top-up placing and subscription agreement with Ever Task Limited, a wholly-owned subsidiary of Wang On Group Limited ("WOG"), and Kingston Securities Limited in relation to, the top-up placing of 150,000,000 shares in the Company (the "**2014 Top-up Placing**") and the top-up subscription of 150,000,000 shares in the Company at the top-up placing price and the top-up subscription price of HK\$0.325 per share and HK\$0.325 per share, respectively (the "**2014 Top-up Subscription**"); and (ii) a new issue placing agreement with Kingston Securities Limited in relation to the placing of 34,000,000 new shares in the Company at the price of HK\$0.325 per share (the "**New Issue Placing**"). The net proceeds raised per share upon completion of each of the 2014 Top-up Subscription and the New Issue Placing were approximately HK\$0.314 per share and HK\$0.314 per share, respectively. The closing price of the shares in the Company on 12 September 2014, being the date on which the terms of the issue were fixed, is HK\$0.4. The aggregate nominal value of the shares issued under the 2014 Top-up Subscription and the New Issue Placing was HK\$1,840,000. The 2014 Top-up Placing, the 2014 Top-up Subscription and the New Issue Placing completed on 22 September 2014, 26 September 2014 and 29 September 2014, respectively. The aggregate gross and net proceeds from the 2014 Top-up Subscription and the New Issue Placing were approximately HK\$59.8 million and approximately HK\$57.7 million, respectively. The Company intended to utilise all the net proceeds for future development and other potential investment. As at 30 September 2014, approximately HK\$57.7 million have not been used and was held as bank deposit and would be used for the purposes as intended.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash generated from operating activities	417,446	719,726
Investing activities		
Interest received	16,992	553
Dividend paid	(9,230)	(7,692)
Loan to an associate	—	(140,000)
Property under development paid	(261,151)	(329,386)
Other investing activities	(823)	(1,358)
Net cash used in investing activities	(254,212)	(477,883)
Financing activities		
Interest paid	(33,711)	(27,913)
Interest-bearing bank loans	93,075	88,694
Repayment of interest-bearing bank loans	(1,262)	(113,795)
Repayment of interest-bearing loans	(107,640)	(77,683)
Repayment of interest-bearing loans from an immediate holding company	—	(15,000)
Placing of shares	57,833	—
Net cash generated from/(used in) financing activities	8,295	(145,697)
Net increase in cash and cash equivalents	171,529	96,146
Cash and cash equivalents at the beginning of the period	564,891	270,379
Effects of exchange rate changes on the balances of cash held in foreign currencies	4,920	4,254
Cash and cash equivalents at the end of the period	741,340	370,779
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	185,564	357,389
Time deposits	555,609	13,390
	741,173	370,779
Cash and bank balances in assets classified as held for sale	167	—
	741,340	370,779

NOTES TO 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2014, 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 2014.

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 2014.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

Application of new and revised HKFRSs (Continued)

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

Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements 2012-2014 Cycle ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKAS 19 (as revised in 2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁶
HKFRS 9	Financial Instruments ⁶
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

⁶ No mandatory effective date yet determined but is available for adoption

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and contribution to operating results from continuing operations by operating segments for the six months ended 30 September 2014 and 2013, respectively:

2014

	Property development operation (Unaudited) HK\$'000	Sales of fresh pork and related produce operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:			
External revenue	422,189	32,495	454,684
Segment results	118,388	2,431	120,819
Unallocated interest income and gains			12,705
Corporate and other unallocated expenses			(6,893)
Net gain on financial assets at fair value through profit or loss			20,361
Share of results of an associate			4,586
Loss on deemed disposal of interest in an associate			(56,083)
Finance costs			(13,461)
Profit before taxation			82,034

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

2013

	Property development operation (Unaudited) HK\$'000	Sales of fresh pork and related produce operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:			
External revenue	490,546	34,556	525,102
Segment results	37,671	1,914	39,585
Unallocated interest income and gains			9,438
Corporate and other unallocated expenses			(6,063)
Net gain on financial assets at fair value through profit or loss			7,513
Share of results of an associate			10,743
Finance costs			(14,945)
Profit before taxation			46,271

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2013: 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 and stock of properties 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 for the period is as follows:

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations		
Turnover:		
Sales of stock of properties	422,189	490,546
Sales of fresh pork and related produce	32,495	34,556
	454,684	525,102
Other revenue:		
Interest income on bank deposits	1,592	553
Dividend income	688	—
Interest income on an interest-bearing loan to an associate	11,030	9,416
Sundry income	1,934	971
	15,244	10,940

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Continuing operations		
Interest on interest-bearing loans wholly repayable within five years	3,303	6,490
Interest on interest-bearing loans from an immediate holding company wholly repayable within five years	9,973	8,453
Interest on interest-bearing bank loans wholly repayable within five years	5,610	3,704
	18,886	18,647
Less: Amounts capitalised on the cost of property under developments	(5,425)	(3,702)
	13,461	14,945

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Profit before taxation from continuing operations is stated at after charging/(crediting):		
Cost of inventories sold	18,323	19,916
Cost of completed properties sold	202,615	363,349
Business taxes and other levies	62,426	45,298
Depreciation of owned property, plant and equipment	940	554
Minimum lease payments under operating leases for land and buildings	5,100	5,482
Exchange gain	(860)	(366)
Net gain on financial assets at fair value through profit or loss	(20,361)	(7,513)
	(20,361)	(7,513)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Current taxation — Hong Kong	376	316
Current taxation — Mainland China	32,893	12,007
	<hr/>	<hr/>
Total tax (credit)/charge for the period	33,269	12,323
	<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.

Subsidiaries in mainland China are subject to the PRC corporate income tax of the PRC at 25% on the estimated assessable profits arising in mainland China during the current and prior periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. DISCONTINUED OPERATION

The results of the discontinued forestry and logging operation included in the consolidated statement of profit or loss and other comprehensive income for the periods are set out below. The comparative results and cash flows for the discontinued operation has been re-presented to include that operation classified as discontinued in the current period.

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<i>Loss for the period from discontinued operation</i>		
Administrative expenses	(129)	(2,509)
Change in fair value of plantation assets less costs to sell	—	(49,990)
Amortisation of concession rights	—	(131)
	<hr/>	<hr/>
Loss before taxation	(129)	(52,630)
Taxation	—	14,997
	<hr/>	<hr/>
Loss for the period from discontinued operation	(129)	(37,633)
	<hr/> <hr/>	<hr/> <hr/>
<i>Loss for the period attributable to:</i>		
Owners of the Company	(66)	(19,193)
Non-controlling interest	(63)	(18,440)
	<hr/>	<hr/>
	(129)	(37,633)
	<hr/> <hr/>	<hr/> <hr/>
<i>Loss for the period from discontinued operation include the followings:</i>		
Depreciation of property, plant and equipment	36	42
Amortisation of concession rights	—	131
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
<i>Cash flows from discontinued operation</i>		
Net cash outflow from operating activities	(37)	(2,641)
	<hr/>	<hr/>
	(37)	(2,641)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

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

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<i>Profit</i>		
Profit for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	48,699	14,755
	'000	'000 (Restated)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	926,415	769,150

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD *(Continued)*

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
<i>Profit</i>		
Profit for the period attributable to owners of the Company	48,699	14,755
Add: Loss for the period from discontinued operation attributable to the owners of the Company	66	19,193
	48,765	33,948
	'000	'000 (Restated)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	926,415	769,150

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

Diluted earnings per share for the periods ended 30 September 2014 and 2013 were the same as the basic earnings per share. There was no dilutive event existed during both periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. DIVIDEND

The directors do not recommend the payment of interim dividend in respect of the six months ended 30 September 2014 (2013: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group had acquired property, plant and equipment amounting approximately to HK\$2,167,000 (for the six months ended 30 September 2013: approximately HK\$1,365,000).

During the six months ended 30 September 2014, the Group had disposed property, plant and equipment amounting approximately to HK\$287,000 (for the six months ended 30 September 2013: HK\$52,000).

12. PREPAID LEASE PAYMENTS

	HK\$'000
Cost	
At 31 March 2014 and 1 April 2014	79,003
Transfer to stock of properties	(40,093)
Exchange realignment	820
	<hr/>
At 30 September 2014	39,730
	<hr/>
Accumulated amortisation and impairment	
At 31 March 2014 and 1 April 2014	6,460
Charge for the period	575
Transfer to stock of properties	(3,577)
Exchange realignment	38
	<hr/>
At 30 September 2014	3,496
	<hr/>
Net book value	
At 30 September 2014 (Unaudited)	36,234
	<hr/> <hr/>
At 31 March 2014 (Audited)	72,543
	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. 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\$575,000 (for the six months ended 30 September 2013: approximately HK\$1,203,000) has been capitalised to properties under development for the period.

As at 30 September 2014, prepaid lease payment was pledged for interest-bearing bank loans of approximately HK\$171,700,000 (31 March 2014: approximately HK\$112,387,500) (note 26).

Analysed for reporting purposes as:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Current assets (included in prepayments, deposits and other receivables)	1,149	1,137
Non-current assets	35,085	71,406
	36,234	72,543

13. INTEREST IN AN ASSOCIATE

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Cost of investment in an associate — listed in Hong Kong	278,856	278,856
Share of net assets	394,345	467,893

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. INTEREST IN AN ASSOCIATE *(Continued)*

On 3 September 2014, the associate of the Group, China Agri-Products Exchange Limited (“CAP”) completed the placing of a total 250,000,000 new shares of CAP. As a result, the Group’s shareholding interest in CAP was diluted from approximately 27.60% to approximately 23.02%.

Details of the Group’s associate which is held indirectly by the Company at 30 September 2014 and 31 March 2014 are as follows:

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Approximate proportion of nominal value of issued share capital held	Approximate proportion of voting power held	Principal activities
CAP	Limited company	Bermuda	HK and the PRC	Ordinary	23.02% (31 March 2014: 27.60%)	23.02% (31 March 2014: 27.60%)	Management and sales of agricultural produce exchange markets in the PRC

For the purpose of applying the equity method of accounting for the current period, the unaudited condensed consolidated financial statements of CAP for the six months ended 30 June 2014 have been used.

14. STOCK OF PROPERTIES

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Completed properties	48,509	49,978
Properties under development	751,197	603,987
	799,706	653,965

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. INVENTORIES

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Fresh pork and related produce	166	109

16. 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 2014: 30 days) for sales of fresh pork and related produce operation 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 the reporting date. The Group does not hold any collateral over these balances.

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Trade receivables	60	57
Less: Impairment loss	(36)	(36)
	24	21

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

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within 30 days	24	21

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. TRADE RECEIVABLES *(Continued)*

Movements of impairment loss on trade receivables:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
At the beginning of the period	36	36
Impairment loss reversed	—	—
	<hr/>	<hr/>
At the end of the period	36	36
	<hr/> <hr/>	<hr/> <hr/>

As at 30 September 2014, the Group's trade receivables of approximately HK\$36,000 (31 March 2014: approximately HK\$36,000) 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. ASSETS CLASSIFIED AS HELD FOR SALE

As described in Note 8 to condensed consolidated financial statements, the Group has entered into an agreement to dispose the entire shares in a non wholly-owned subsidiary, Skywalker Global Resources Company Limited (“**Skywalker**”) and its subsidiary (collectively referred to as “**Skywalker Group**”) and which is expected to be completed in the current financial year. The assets and liabilities of Skywalker Group at the end of the reporting period are as follows:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Property, plant and equipment	872	705
Plantation assets	163,561	163,561
Concession rights	4,925	4,925
Prepayments, deposits and other receivables	8,524	3,561
Cash and bank balances	167	211
	<hr/>	<hr/>
Assets classified as held for sale	178,049	172,963
	<hr/>	<hr/>
Deposits received, accruals and other payables	(6,354)	(1,576)
Deferred taxation	(52,987)	(52,987)
	<hr/>	<hr/>
Liabilities directly associated with assets classified as held for sale	(59,341)	(54,563)
	<hr/>	<hr/>
	118,708	118,400
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. 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 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within 30 days	159	570

The credit terms generally for a period of 30 days.

19. INTEREST-BEARING LOANS

The loan with outstanding principal amount of approximately HK\$107,640,000 from Emperor Smart Investments Limited was secured by pledge of shares of several subsidiaries of the Company and carried interest at 8% per annum and was fully repaid. The said pledge was released during the period ended 30 September 2014.

20. INTEREST-BEARING LOANS FROM AN IMMEDIATE HOLDING COMPANY

The loans with principal amount of HK\$10,000,000 and HK\$190,000,000 from Hearty Limited are unsecured, carrying interest at 10% per annum and are repayable on 8 July 2017 and 12 November 2016 respectively. These two loans are classified under non-current liabilities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 31 March 2014 and 1 April 2014 ordinary shares of HK\$0.01 each (audited)	20,000,000	200,000
	<u>20,000,000</u>	<u>200,000</u>
At 30 September 2014, ordinary shares of HK\$0.01 each (unaudited)	20,000,000	200,000
	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 31 March 2014 and 1 April 2014 ordinary shares of HK\$0.01 each (audited)	9,229,500	92,295
Shares consolidation	(8,306,550)	—
Capital reduction	—	(83,065)
Placing of shares	184,000	1,840
	<u>1,106,950</u>	<u>11,070</u>
At 30 September 2014, ordinary shares of HK\$0.01 each (unaudited)	1,106,950	11,070
	<u>1,106,950</u>	<u>11,070</u>

Share option scheme

Details of the Company's share option scheme are set out in the section "Share Option Scheme" on page 12 of the interim report.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. 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 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within one year	6,296	7,586
In the second to fifth years, inclusive	1,521	10,069
	7,817	17,655

23. 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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Rental paid by the Group to Wai Yuen Tong Medicine Holdings Limited ("WYT")	318	303
Interest on loans to an immediate holding company	9,973	8,453
Interest on loans from an associate	11,030	9,416

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. 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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	1,421	5,059
Employer contribution to retirement benefits scheme	12	18
	1,433	5,077

24. 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)*

24. FAIR VALUE HIERARCHY *(Continued)*

Assets measured at fair value:

The Group

As at 30 September 2014

	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	87,041	—	—	87,041

As at 31 March 2014

	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	66,679	—	—	66,679

During the period ended 30 September 2014, 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 2013: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. CAPITAL COMMITMENT

At 30 September 2014, the Group had the following capital commitments:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Contracted but not provided for:		
Additions of property under development	329,349	670,063
Additions of construction in progress	33,542	29,993
	362,891	700,056

26. 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 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Prepaid lease payment	150,166	148,512
Properties under development	247,301	188,537
	397,467	337,049

As at 31 March 2014, shares of several subsidiaries of the Company have been pledged to secure an interest-bearing loan. (Note 19)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 30 September 2014 and 31 March 2014.

28. EVENTS AFTER THE REPORTING PERIOD

- (i) On 4 October 2014, the Group entered into a subscription agreement with CAP, WOG, WYT and CCB International Capital Limited under which the Group would, among others and subject to certain conditions, subscribe the 5-year bonds at the interest rate of 10% per annum issued by CAP up to a maximum principal amount of HK\$150.0 million. Details of the transaction were disclosed in the Company's joint announcement and its circular dated 4 October 2014 and 24 October 2014, respectively.
- (ii) On 24 October 2014, the Group entered into an agreement with the Kaifeng Yuwangtai Government in relation to a possible development project in Kaifeng City, Henan Province, the PRC, pursuant to which the Group would prepay an aggregate of RMB60 million to Kaifeng Yuwangtai Government for the possible development project. Details of the transaction were disclosed in the Company's announcement dated 24 October 2014.
- (iii) On 6 November 2014, CAP completed the placing of a total 220,000,000 new shares. As a result, the Group's shareholding interest in CAP was diluted from approximately 23.02% to approximately 20.08%.

29. COMPARATIVE FINANCIAL INFORMATION

Certain comparative amounts have been reclassified to conform to current period's presentation.

30. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved by the Board on 19 November 2014.