WANG ON GROUP LIMITED
（宏安集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	FY2019 (Unaudited)	FY2018 (Unaudited)	Change
Revenue *(HK$ in million)*	**2,704**	3,279	-17.5%
Net profit attributable to owners of the parent *(HK$ in million)*	**413**	462	-10.7%
EPS *(HK cents)*			
— Basic and diluted	**2.39**	2.50	-4.4%
Dividend per share *(HK cent)*			
— Interim	**0.10**	0.10	—
	As at 30.9.2019 (Unaudited)	As at 31.3.2019 (Audited)	
Total net asset value *(HK$ in million)*	**8,271**	8,006	+3.3%
NAV per share *(HK$)*	**0.47**	0.45	+4.4%
Gearing ratio	**44.8%**	40.0%	+4.8%

* *For identification purpose only*

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**2,704,415**	3,279,220
Cost of sales		**(1,477,712)**	(1,925,862)
Gross profit		**1,226,703**	1,353,358
Other income and gains, net	*4*	**97,667**	37,443
Selling and distribution expenses		**(290,072)**	(245,158)
Administrative expenses		**(168,249)**	(185,810)
Reversal of impairment losses/(impairment losses) on financial assets, net		**4,460**	(5,944)
Other expenses		**(4,702)**	(270)
Finance costs	*5*	**(102,254)**	(68,625)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net		**3,552**	(5,923)
Fair value gains/(losses) on investment properties, net		**(117,273)**	58,220
Reversal of write-down of properties held for sale		**—**	88,856
Share of profits and losses of:			
Joint ventures		**52,606**	(1,555)
Associates		**7,332**	64,935
PROFIT BEFORE TAX	*6*	**709,770**	1,089,527
Income tax expense	*7*	**(141,642)**	(162,078)
PROFIT FOR THE PERIOD		**568,128**	927,449

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Change in fair value	**(4,370)**	(16,156)
Reclassification adjustments for gains/(losses) included in profit or loss		
— Reversal of impairment losses/(impairment losses)	**(2,089)**	5,476
Release of reverses upon disposal of debt investments	**(8,825)**	576
	(15,284)	(10,104)
Exchange differences on translation of foreign operations	**3,907**	(34,704)
Other reserves:		
Share of other comprehensive income/(loss) of joint ventures	**(5,833)**	(8,010)
Share of other comprehensive income/(loss) of associates	**(6,104)**	(7,831)
	(11,937)	(15,841)
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — changes in fair value	**(24,073)**	(70,894)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(47,387)**	(131,543)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**520,741**	795,906

	Note	Six months ended 30 September **2019** **(Unaudited)** ***HK$'000***	2018 (Unaudited) *HK$'000*
Profit attributable to:			
Owners of the parent		**412,692**	462,244
Non-controlling interests		**155,436**	465,205
		568,128	927,449
Total comprehensive income attributable to:			
Owners of the parent		**372,592**	364,360
Non-controlling interests		**148,149**	431,546
		520,741	795,906
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK2.39 cents**	HK2.50 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

	Notes	30 September 2019 (Unaudited) HK$'000	31 March 2019 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,399,151**	1,292,739
Investment properties		**1,839,102**	1,367,500
Properties under development		**1,398,001**	1,355,318
Interest in joint ventures		**1,952,606**	1,481,855
Interest in associates		**79,353**	105,164
Financial assets at fair value through other comprehensive income		**799,472**	648,410
Financial assets at fair value through profit and loss		**111,096**	95,934
Loans and interest receivables	*10*	**27,298**	184,761
Prepayments, other receivables and other assets		**285,043**	433,692
Deferred tax assets		**9,925**	35,313
Total non-current assets		**7,901,047**	7,000,686
CURRENT ASSETS			
Properties under development		**1,943,149**	3,328,595
Properties held for sale		**930,337**	687,167
Inventories		**201,084**	161,508
Trade receivables	*11*	**95,032**	109,303
Loans and interest receivables	*10*	**1,105,726**	1,044,284
Prepayments, other receivables and other assets		**456,534**	454,171
Cost of obtaining contracts		**434**	115,779
Financial assets at fair value through other comprehensive income		**867,369**	925,251
Financial assets at fair value through profit or loss		**234,235**	56,262
Tax recoverable		**8,947**	1,448
Restricted bank balance		**532,000**	—
Cash and cash equivalents		**1,377,423**	2,318,224
		7,752,270	9,201,992
Assets classified as held for sale		**53,730**	215,176
Total current assets		**7,806,000**	9,417,168

	Note	30 September 2019 (Unaudited) HK$'000	31 March 2019 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	*12*	**189,281**	195,570
Lease liabilities		**204,222**	—
Other payables and accruals		**314,912**	340,796
Deposits received and receipts in advance		**60,295**	7,623
Contract liabilities		**14,088**	1,963,026
Bank and other loans		**3,095,500**	2,124,043
Provisions for onerous contracts		**16,581**	18,613
Tax payable		**302,162**	260,461
		4,197,041	4,910,132
Liabilities directly associated with the assets classified as held for sale		**—**	361
Total current liabilities		**4,197,041**	4,910,493
NET CURRENT ASSETS		**3,608,959**	4,506,675
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,510,006**	11,507,361
NON-CURRENT LIABILITIES			
Bank and other loans		**2,520,933**	3,397,719
Lease liabilities		**662,246**	—
Deferred tax liabilities		**33,528**	36,678
Other payables		**18,871**	13,184
Deposits received		**3,677**	54,254
Total non-current liabilities		**3,239,255**	3,501,835
Net assets		**8,270,751**	8,005,526

	30 September 2019 (Unaudited) *HK$'000*	31 March 2019 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**173,975**	178,675
Reserves	**5,897,071**	5,712,371
	6,071,046	5,891,046
Non-controlling interests	**2,199,705**	2,114,480
Total equity	**8,270,751**	8,005,526

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group‘s annual financial statements for the year ended 31 March 2019.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group‘s audited financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the first time for the current period‘s unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3 and HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK (SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset).

The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and were presented separately in the condensed consolidated statement of financial position.

The right-of-use assets for all leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. As at the date of initial adoption, impairment loss on right-of-use assets of HK$1,789,000 was recognised in retained earnings. The Group elected to present the right-of-use assets as part of the element of property, plant and equipment and investment properties in the condensed consolidated statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/(decrease) *HK$'000* (Unaudited)
Assets	
Property, plant and equipment	126,035
Investment properties	409,962
Prepayments, deposits and other receivables	(729)
Total assets	535,268
Liabilities	
Lease liabilities	540,348
Other payables and accruals	(2,000)
Total liabilities	538,348
Equity	
Retained profits	(1,789)
Non-controlling interests	(1,291)
Total equity	(3,080)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "property under development". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The Group determines at the commencement date the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in the current period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development of properties;

(b) the property investment segment engages in investment in car parking spaces, industrial and commercial premises and residential units for rental or for sale;

(c) the fresh markets segment engages in the management and sub-licensing of fresh markets;

(d) the pharmaceutical segment engages in production and sale of pharmaceutical and health food products; and

(e) the treasury management segment engages in provision of finance and investments in debt and other securities which earn interest income.

Management monitors the results of the Group‘s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank interest income, finance costs, fair value gains/losses arising from the Group’s financial assets at fair value through profit or loss, gains/losses arising from acquisition/disposal transactions, head office and corporate income and expenses and share of profits and losses of joint ventures and associates are excluded from such measurement.

Information regarding these reportable segments, together with their related revised comparative information is presented below.

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Fresh markets		Pharmaceutical		Treasury management		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**2,222,768**	2,726,074	**7,132**	11,838	**96,501**	93,331	**269,323**	333,776	**108,691**	114,201	**–**	–	**2,704,415**	3,279,220
Intersegment sales	**–**	–	**6,711**	8,806	**–**	–	**7,202**	2,270	**–**	–	**(13,913)**	(11,076)	**–**	–
Other revenue	**7,115**	10,186	**346**	55,632	**2,200**	3,578	**–**	–	**5,494**	–	**–**	–	**15,155**	69,396
Total	**2,229,883**	2,736,260	**14,189**	76,276	**98,701**	96,909	**276,525**	336,046	**114,185**	114,201	**(13,913)**	(11,076)	**2,719,570**	3,348,616
Segment results	**768,723**	1,055,573	**(21,930)**	70,049	**19,767**	16,303	**(71,460)**	(60,899)	**134,553**	96,202			**829,653**	1,177,228
Reconciliation:														
Bank interest income													**11,456**	8,496
Finance costs													**(102,254)**	(68,625)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net													**3,552**	(5,923)
Corporate and unallocated income/(expenses), net													**(92,575)**	(85,029)
Share of profits and losses of:														
Joint ventures													**52,606**	(1,555)
Associates													**7,332**	64,935
Profit before tax													**709,770**	1,089,527
Income tax expense													**(141,642)**	(162,078)
Profit for the period													**568,128**	927,449

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 September 2019 (Unaudited) *HK$'000*	2018 (Unaudited) *HK$'000*
Revenue		
Revenue from contracts with customers		
Sale of properties	**2,221,540**	2,723,584
Sale of goods	**269,323**	333,776
	2,490,863	3,057,360
Interest income		
Interest income from treasury operation	**108,403**	114,201
Revenue from other sources		
Sub-licensing fee income	**96,501**	93,331
Gross rental income	**8,360**	14,328
Dividend income from financial assets	**288**	—
	105,149	107,659
	2,704,415	3,279,220

Disaggregated revenue information for revenue from contracts with customers

All revenue from contracts with customers is recognised at the point in time when the control of the assets is transferred to the customers.

For the six months ended 30 September 2019

Segments

	Property development *HK$'000* **(Unaudited)**	**Pharmaceutical** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Type of goods or services			
Sales to external customers	**2,221,540**	**269,323**	**2,490,863**
Intersegment sales	**—**	**7,202**	**7,202**
	2,221,540	**276,525**	**2,498,065**
Intersegment adjustments and eliminations	**—**	**(7,202)**	**(7,202)**
Total revenue from contracts with customers	**2,221,540**	**269,323**	**2,490,863**

For the six months ended 30 September 2018

Segments

	Property development *HK$'000* (Unaudited)	Pharmaceutical *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Type of goods or services			
Sales to external customers	2,723,584	333,776	3,057,360
Intersegment sales	—	2,270	2,270
	2,723,584	336,046	3,059,630
Intersegment adjustments and eliminations	—	(2,270)	(2,270)
Total revenue from contracts with customers	2,723,584	333,776	3,057,360

An analysis of other income and gains, net is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income, net		
Bank interest income	**11,456**	8,496
Dividend income from listed securities	**—**	2,246
Forfeiture of deposits from customers	**—**	3,891
Management fee income	**5,305**	3,954
Others	**11,309**	10,341
	28,070	28,928
Gains, net		
Gain on disposal of subsidiaries, net	**—**	7,574
Gain on disposal of property, plant and equipment	**56,403**	—
Gain on disposal of investment properties	**8,116**	941
Gain on disposal of debt investments at fair value through other comprehensive income, net	**3,464**	—
Exchange gains, net	**1,614**	—
	69,597	8,515
Other income and gains, net	**97,667**	37,443

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on lease liabilities	**25,424**	—
Interest on revenue contracts	**972**	18,761
Interest on bank and other loans	**109,940**	82,066
Less: interest capitalised	**(34,082)**	(32,202)
	102,254	68,625

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**51,938**	73,746
Cost of properties sold	**1,256,680**	1,645,030
Cost of inventories sold	**169,094**	207,086
Depreciation of property, plant and equipment	**47,179**	40,469
Depreciation of right-of-use assets	**28,514**	—
Gain on disposals of investment properties, net	**(8,116)**	(941)
Gain on disposals of items of property, plant and equipment	**(56,404)**	—
Loss on disposal of subsidiaries	**2,491**	—
Impairment of items of property, plant and equipment*	**2,212**	—
Reversal of impairment losses/(impairment losses) on financial assets, net:		
(Reversal of)/impairment of debt investments at fair value through other comprehensive income, net	**(2,089)**	2,097
Impairment of trade receivables, net	**543**	3,847
Reversal of impairment of loans and interest receivables, net	**(2,914)**	—
Foreign exchange difference, net	**(1,614)**	270*
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**1,378**	2,028

* *These expenses are included in "Other expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong	**119,228**	158,921
Deferred	**22,414**	3,157
Total tax charge for the period	**141,642**	162,078

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for the period is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue less treasury shares held by the Group during the period.

The Company had no potentially dilutive ordinary shares in issue during the periods and the share options of the Company's subsidiary outstanding during the period also had no dilutive effect on the basic earnings per share amount presented for the periods.

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**412,692**	462,244

	Number of shares	
	2019	2018
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**17,705,130**	18,928,520
Less: Weighted average number of treasury shares	**(423,000)**	(423,000)
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**17,282,130**	18,505,520

9. INTERIM DIVIDEND

	Six months ended 30 September 2019 (Unaudited) HK'000	2018 (Unaudited) HK'000
Interim dividend — HK0.1 cent (2018: HK0.1 cent) per ordinary share	**17,398**	18,929
Less: Interim dividend related to treasury shares	**(423)**	(423)
Less: Interim dividend related to treasury shares attributable to the non-controlling shareholders	**(177)**	(184)
	16,798	18,322

10. LOANS AND INTEREST RECEIVABLES

	Notes	**30 September 2019 (Unaudited) *HK$'000***	31 March 2019 (Audited) *HK$'000*
Loans and interest receivables, secured	*(i)*	**1,050,486**	1,047,538
Loans and interest receivables, unsecured	*(ii)*	**98,504**	200,165
		1,148,990	1,247,703
Less: Impairment		**(15,966)**	(18,658)
		1,133,024	1,229,045
Less: Loans and interest receivables classified as non-current assets		**(27,298)**	(184,761)
Current portion		**1,105,726**	1,044,284

Notes:

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 9.25% to 34.8% (31 March 2019: 8% to 33%). The credit terms of these loans receivable range from 3 months to 10 years (31 March 2019: 3 months to 20 years). The carrying amounts of these loans receivable approximate to their fair values.

Included in the above loans and interest receivables are vendor loan to the purchaser of joint venture of HK$659,742,000 (31 March 2019: HK$600,000,000), which bear interest at 0.7% per annum over 12-month HIBOR and repayable within 1 year.

(ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 10% to 15% (31 March 2019: 5% to 34.8%). The credit terms of these loans receivable range from 6 months to 3 years (31 March 2019: 6 months to 38 months). The carrying amounts of these loans receivable approximate to their fair values.

Included in the above loans and interest receivables are loans and interest receivables from Easy One Financial Group Limited, an associate of the Group, of HK$73,157,000 as at 31 March 2019, which bears interest ranging from 6.5% per annum and fully repaid during the current period.

11. TRADE RECEIVABLES

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Trade receivables	**103,190**	116,953
Less: impairment	**(8,158)**	(7,650)
	95,032	109,303

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 7 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Within 1 month	**54,347**	63,042
1 to 3 months	**15,998**	29,464
3 to 6 months	**10,634**	13,173
Over 6 months	**14,053**	3,624
	95,032	109,303

12. TRADE PAYABLES

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

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**171,644**	174,534
1 to 3 months	**14,797**	6,547
3 to 6 months	**1,817**	7,608
Over 6 months	**1,023**	6,881
	189,281	195,570

The trade payables are non-interest-bearing and have an average terms of 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2018: HK0.1 cent) per ordinary share for the six months ended 30 September 2019. The interim dividend will be payable on or around Thursday, 9 January 2020 to those shareholders whose names appear on the register of members of the Company on Friday, 27 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 December 2019 to Friday, 27 December 2019, both days inclusive, during which period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of share(s), accompanied by the relevant share certificate(s) with properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 19 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the six months ended 30 September 2019 decreased by 17.5% to HK$2,704.4 million (six months ended 30 September 2018: HK$3,279.2 million). The revenue recorded for the period mainly represents sales revenue from property development segment driven by sales recognition from completion of a residential project in Shatin, The Met. Acappella. Profit attributable to owners of the parent was HK$412.7 million (six months ended 30 September 2018: HK$462.2 million), representing a decrease of 10.7% over the period, mainly due to the impact of fair value losses recognised for investment properties for the six months ended 30 September 2019.

The Group continues to maintain a strong financial position. As of 30 September 2019, the Group's net assets were HK$8,270.8 million (31 March 2019: HK$8,005.5 million). Its liquidity and financial resources amounted to HK$3,011.0million (31 March 2019: HK$3,299.7 million) including cash and bank balances of HK$1,909.4 million (31 March 2019: HK$2,318.2 million) and short term investments of HK$1,101.6 million (31 March 2019: HK$981.5 million). In aggregate, the total borrowings as of 30 September 2019 was HK$5,616.4 million (31 March 2019: HK$5,521.8 million) giving the Group a net debt position (bank and other loans less cash and bank balances) of HK$3,707.0 million (31 March 2019: HK$3,203.6 million).

Impacts on new Hong Kong Financial Reporting Standards — HKFRS 16 issued by the HKICPA

This new accounting standard for leases came into effect starting from 1 April 2019 which the recognised assets together with corresponding liabilities for all applicable leases. The leases of the Group's Chinese fresh markets and retail shops of the Fresh Market segment and Chinese Pharmaceutical and Health Food Product segment are recognised as 'right-of-use assets' under "property, plant and equipment" or "investment properties" and the corresponding lease payments are recognised as 'lease liabilities' in the statement of financial position. These changes neither affected our business operation, nor the synergies from these operations, but it does affect the way for preparing the Group's consolidated financial statements. After initial recognition, the Group recognises depreciation expenses on the right-of-use assets and interest expenses on the lease liabilities, instead of recognising rental expenses incurred under operating leases over the lease term under HKAS 17.

BUSINESS REVIEW

The review of the individual business segments of the Group is set out below.

Fresh Markets

In the first half of this financial year, the fresh market business segment continued to be an important stream of profit and cash, grew operating profit by 21.2% to HK$19.8 million (six months ended 30 September 2018: HK$16.3 million). For the six months ended 30 September 2019, revenue recorded for this segment amounted to HK$96.5 million (six months ended 30 September 2018: HK$93.3 million), representing an increase of HK$3.2 million or 3.4% over the corresponding period. The increase in revenue was mainly due to new revenue streams brought by two new fresh markets located in Ying Tung Estate and Mun Tung Estate in Tung Chung which have commenced operation since September 2018 and August 2019, respectively.

The Group's fresh market business, which has been built over the past two decades, is a high profit margin and cash flow generating business. During the reporting period, the Group managed a substantial portfolio of approximately 800 stalls under the "Allmart" brand of fresh markets in Hong Kong with a total gross floor area ("**GFA**") of over 175,000 square feet. In order to meet rising customer expectation, the Group strives to offer a more comfortable and spacious shopping environment through well-designed layouts, enhancement works and high quality management services. We will continue to strengthen the partnership with our tenants and local communities by launching effective marketing and promotion events, and thereby improving shopping experiences at our fresh markets.

In October 2019, we entered into butchery business by capturing synergies with our existing fresh market operations. We aim to seize opportunities in every manner possible, focusing on building a chain of butchery shops with a strong cash flow and steady operating profit. So far 7 butchery stores started operation since October 2019, which generate unaudited monthly cash revenue of approximately HK$6.0 million. We believe Hong Kong people's pork dietary habit, combined with our well established fresh market network, shall allow for rapid growth and a relatively low-risk development of this new business. Our target is to continue expand the butchery stores and drive to optimise the operation platform of fresh market and butchery business so as to maximise synergies.

The Parkside, the Group's first self-owned fresh market joint venture in Tseung Kwan O, has received numerous enquiries with buoyant demand. The project is progressing well with an expected opening in late 2019.

In mainland China, the Group operates fresh market business through its joint venture under the "Huimin" brand in various districts of Shenzhen, Guangdong Province. The joint venture currently manages a portfolio of 1,000 stalls with a GFA of over 283,000 square feet, in which 152,000 square feet are owned by the joint venture. Following the issuance of urban redevelopment policy by the Shenzhen Government, some of the fresh markets may be affected. The Group will continue to closely monitor the latest development, particularly the impact on the land-use rights of its fresh market properties.

Property Development

Wang On Properties Limited ("**WOP**", together with its subsidiaries, collectively the "**WOP Group**"), a 75%-owned listed subsidiary of the Company, is a premium property developer with focus on Hong Kong residential and commercial property market. During the first half of the financial year, the property development segment recorded a revenue of HK$2,222.8 million (six months ended 30 September 2018: HK$2,726.1 million). This was mainly derived from the recognition of sales of completed residential project during the period, namely The Met. Acappella.

The Met. Acappella

The Met. Acappella, situated at Tai Wai, Shatin, is a twin tower development with two wings of 12-and-13 storey residential blocks offering a total of 336 units. It comprises diversified unit layouts including studios, one-bedroom units and one-bedroom (with storeroom or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of the neighbouring areas, enabling residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows its residents to indulge in allround shopping, dining, entertainment and leisure activities, satisfying the needs for quality lifestyle. This project was completed and delivered in May 2019. As at the date of this announcement, 97% of total 336 units were sold and delivered.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project, co-developed by WOP and CIFI Holdings (Group) Co. Ltd., will have a total GFA of 272,000 square feet. WOP holds a 50% stake in the project. It comprises two residential towers on a podium with a shopping arcade. It will offer a total of 326 units of different layout designs, including standard two-to-three bedroom units and special units. Presenting a modern and clean outlook, exceptional green landscape and a large clubhouse, the project offers residents a luxurious and cozy living environment. Pre-sale was launched in mid of March 2019 with a strong market response. As at the date of this announcement, 71% of the total 272 units released were sold with contracted sales. The project is scheduled to be completed in 2020.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601, is co-developed by WOP, Country Garden Holdings Company Limited and China State Construction International Holdings Limited. The project carries integrated advantages as it is located in front of Starfish Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. The project has a GFA of 388,000 square feet and will provide 547 units. WOP holds a 40% stake in this project. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. As at the date of this announcement, 77% of the 508 units released were sold with contracted sales. The project is scheduled to be completed in 2020.

Pokfulam residential project

In April 2018, the WOP Group completed the acquisition of all of the 16 properties located at 86A – 86D Pokfulam Road, Hong Kong. This project is capable of being redeveloped into a low-density luxurious residential property. WOP holds a 70% stake in this project and is responsible for its project management.

Tsing Yi residential project

On 12 April 2018, the WOP Group acquired a site located at the junction of Liu To Road and Hang Mei Street, Tsing Yi at a total consideration of HK$867.3 million through public tender. The site, occupying an area of 14,400 square feet, will be developed into a premium residential project under the exquisite series "The Met.", with a residential and commercial GFA of approximately 90,000 square feet. The Group is highly confident in the potential of this exclusive project, which is situated in a prestigious locale with stunning sea view.

As at 31 October 2019, the Group had a development land portfolio as follows:

Location	**Approximate site area** *(square feet)*	**Approximate GFA** *(square feet)*	**Intended usage**	**Anticipated year of completion**
maya by NOUVELLE	41,000	272,000	Residential and Commercial	2020
Altissimo	253,000	388,000	Residential	2020
Pokfulam residential project	28,500	28,500	Residential	2021
Tsing Yi residential project	14,400	90,000	Residential and Commercial	2022

Furthermore, the WOP Group is currently in possession of two urban redevelopment projects with over 80% ownerships secured. Applications have been filed for both projects for a court order for compulsory sale. WOP may not be able to complete the consolidation of the ownership for development if the said court orders are not obtained. The total attributable GFA upon these two redevelopment project is approximately 143,000 square feet.

Property Investment

As at 30 September 2019, the Group's portfolio of investment properties comprised commercial, industrial and residential units located in Hong Kong with a total carrying value of HK$1,188.1 million (31 March 2019: HK$1,510.0 million).

During the reporting period, the Group received gross rental income of HK$7.1 million (six months ended 30 September 2018: HK$11.8 million), representing a decrease of HK$4.7 million or 39.8% compared to the corresponding period last year. The decrease in gross rental income was primarily attributable to the disposal of a number of investment properties during the reporting period.

During the reporting period, we continued to dispose of second-hand residential properties and realised HK$43.0 million. As at 30 September 2019, we still held 10 units of second-hand residential properties carrying a valuation of HK$53.7 million.

During the period under review, the Group, through the WOP Group, acquired and disposed of the following properties:

(a) on 26 April 2019, the WOP Group entered into an agreement to acquire 45 workshops and 18 car parking spaces in a building known as "EW International Tower" at a consideration of HK$306.8 million and such project is thereafter jointly invested with another two partners by disposal of 60% equity interest by way of capital injection of an aggregate sum of HK$34.1 million by the partners. Such acquisition enables the WOP Group to enlarge its investment property portfolio, and bring additional stable rental income to it; and

(b) on 18 April 2019, the WOP Group entered into an agreement to dispose of an investment property in Mong Kok, Kowloon at a consideration of HK$135.0 million to realise its potential investment, completion of which took place on 26 July 2019.

Pharmaceutical and Health Food Products Business

Wai Yuen Tong Medicine Holdings Limited ("**WYTH**", together with its subsidiaries, collectively the "**WYT Group**"), a 58.08%-owned listed subsidiary of the Company, is a pharmaceutical company with focus on manufacturing and/or retailing of pharmaceutical and health food products.

During the reporting period, the pharmaceutical segment recorded a revenue of HK$269.3 million (six months ended 30 September 2018: HK$333.8 million), representing a decrease of 19.3%.

WYTH has continued to execute the turnaround strategies and create values to its customers, trading partners and shareholders. Once again we have managed to balance investments in business expansion with tight control of the working capital and cash position. Hong Kong's retail industry is being dealt a severe blow by the unexpected ongoing public activities since June this year. Visitor numbers have plummeted as tourists stay away, further hampering WYTH's retail business. Thanks to our strategy, as mentioned in the 2019 annual report, of not excessively spending cash in working capital to boost sales growth, WYTH recorded a profit of HK$32.0 million for the first half of this financial year. This achievement gives us confidence that our strategic direction is sound and that with continued effort our pharmaceutical and health food product business will emerge as another growth engine of the Group.

Chinese pharmaceutical and health food products

As disclosed in the latest retail sales figures released by the Census and Statistics Department on 1 November 2019, the provisional estimate for the value of total retail sales for the first nine months of 2019 decreased by 7.3% compared with the same period in 2018. The continuous public activities took a heavy toll on inbound tourism and consumption-related activities. The subdued economic outlook also dampened consumer sentiment. Under these adverse conditions, revenue of the Chinese pharmaceutical and health food products decreased by HK$63.6 million or 22.8% to HK$215.1 million (six month ended 30 September 2018: HK$278.7 million).

In view of rising cost pressure, the Group will also step up efforts in managing production cost and optimising product formula with an aim to improve profit margins.

"Wai Yuen Tong" brand is a reputable household name established over a century ago. Stroke prevention supplement is a fast growth market in Hong Kong in which "Wai Yuen Tong" has 3 series of products to cover the market: namely Angong Niuhuang Wan, Angong Zaizao Wan and Angong Jiangya Wan. We continue to promote our brand value to maintain a leading market position in Chinese pharmaceutical and health food product markets.

Western pharmaceutical and health care products

The Group's western pharmaceutical business has been navigating a complex transition in business strategy. As a result, revenue fell by 1.6% to HK$54.2 million (six months ended 30 September 2018: HK$55.1 million). The "Pearls" and "Madame Pearl's" brands, a series of mosquito repellents products and over-the-counter medicines, remain popular in Hong Kong and its distribution stores channels are well established. The business in mainland China, however, is facing difficulty in developing new distribution channels. It is necessary that we take a transformation to adapt the challenging market environment. We are exploring the possibility to shift from gross sales business model to a fee-for-licensing business model in mainland China. Under this business model, the sales revenue from western pharmaceutical business will decrease but there is no adverse impact on profit given the license fees to be received. Another option is to setup or acquire a GSP-certified vehicle to sell our products directly to distributors that on-sell them to retail outlets. We will continue to seek to reduce capital commitments for businesses with low profit margin and no strategic value.

With core strategic focus on sales channel expansion and gaining market share in Hong Kong and potential new business model in mainland China, we believe that the contribution from the "Pearls" and "Madame Pearl's" brand products should turn around and resume growth. Our intention is to further derive a stronger network and channel for the business growth for this segment.

Treasury Management

The Group maintained a robust financial position. Liquid investment amounted to HK$2,012.2 million as at 30 September 2019, representing an increase of 16.6% from the balance of HK$1,725.9 million at 31 March 2019, reflecting the cash arising from funds from operations and disposal of certain properties. The liquid investments represented 80.5% of the total debt securities, 6.4% of which were listed equity securities and 13.1% were fund investment.

This business segment contributed HK$108.7 million (six months ended 30 September 2018: HK$114.2 million) to the revenue. Among other things, interest income from China Agri-Products Exchange Limited ("**CAP**") amounted to HK$40.6 million. In October 2014, the Group subscribed for 5-year 10%-coupon interest bonds (the "**CAP Bonds**") issued by CAP. As at 30 September 2019, the fair value and principal amount of the CAP Bonds held by the Group amounted to HK$707.3 million and HK$710.0 million (31 March 2019: HK$785.0 million and HK$800.0 million), respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the equity attributable to owners of the parent increased by 3.1% to HK$6,071.0 million (31 March 2019: HK$5,891.0 million). The Group's total equity, including the non-controlling interests, increased to HK$8,270.8 million (31 March 2019: HK$8,005.5 million) as at 30 September 2019.

As at 30 September 2019, the Group's total assets were HK$15,707.0 million (31 March 2019: HK$16,417.9 million). Total cash and bank balances held amounted to HK$1,909.4 million (31 March 2019: HK$2,318.2 million) as at 30 September 2019. The Group also maintained a portfolio of liquid investments with an aggregate market value of HK$2,012.2 million (31 March 2019: HK$1,725.9 million) as at 30 September 2019, which is immediately available for use when in need.

The Group operates a centralised cash management system for unlisted subsidiaries. As at 30 September 2019, the Group's total debt amounted to HK$5,616.4 million (31 March 2019: HK$5,521.8 million). Excluding the total debt of WOP and WYTH, the Company's own debt amounted to HK$842.8 million (31 March 2019: HK$631.5 million) as at 30 September 2019. The Group's debt to equity was approximately 44.8% (31 March 2019: 40.0%) as at 30 September 2019. An analysis of the net debt is shown below:

Net debt	**30 September 2019** *HK$'000*	**31 March 2019** *HK$'000*
The Company	516,120	363,415
WOP	2,908,208	2,159,105
WYTH	282,682	681,018
Total	3,707,010	3,203,538

As at 30 September 2019, the Group's land and buildings, investment properties (including the investment properties included in assets held for sale), properties under development, properties held for sale, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with respective carrying value of HK$473.1 million, HK$2,694.5 million, HK$3,406.9 million, HK$633.8 million, HK$704.7 million and HK$35.7 million (31 March 2019: HK$471.1 million, HK$1,345.5 million, HK$3,216.4 million, HK$688.2 million, HK$575.5 million and HK$77.5 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2019 amounted to HK$751.1 million (31 March 2019: HK$956.9 million), which was mainly for its property development business. The Group has provided guarantee to a bank in connection with a facility granted to the joint venture of the Group up to HK$2,478.1 million and HK$1,314.3 million of the banking facility guaranteed by the Group has been utilised as at the end of the reporting period. An analysis is shown below:

	General banking facilities *HK$'000*	**Total bank borrowings** *HK$'000*
The Company	1,186,040	842,800
WOP	4,773,029	3,659,048
WYTH	1,514,750	921,614
Total	7,473,819	5,423,462

The Group seeks strengthen to improve its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources have been closely monitored to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to meet the Group's operation needs in the foreseeable future. Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the reporting period.

DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2019, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2019	**31 March 2019**
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year or on demand	3,095,500	2,124,044
In the second year	280,755	1,245,360
In the third to fifth years, inclusive	1,782,173	1,554,053
Beyond five years	265,035	410,735
	5,423,463	5,334,192
Other loans repayable		
In the third to firth years, inclusive	192,970	187,570
	5,616,433	5,521,762

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, inter alia, replenishment of the Group's land bank, enhancing the Group's portfolio of properties for investment and/or payment of construction costs for the development of the property development projects, the Group had been from time to time considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bonds issuance, issuance of convertible notes or other debt financial instruments, and disposal of properties.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2019, the Group had financial assets at fair value of HK$2,012.2 million:

	As at 30 September 2019		For the period ended 30 September 2019				Fair value/carrying amount	
Nature of investments	Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Bond interest income	Dividends received	As at 30 September 2019	As at 31 March 2019	Investment cost
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:								
A. Equity investments	83,248	1	(24,073)	—	288	83,248	107,321	120,488
B. Debt investments								
CAP — 10% 5-year Bonds	707,302	9	10,248	40,640	—	707,302	785,002	710,000
Zhongliang Holdings Group Company Limited ("**Zhongliang**")	208,853	3	(47)	267	—	208,853	—	212,250
Others	667,438	7	(14,571)	31,454	—	667,438	681,338	883,037
Sub-total	1,666,841	20	(28,443)	72,361	288	1,666,841	1,573,661	1,925,775
Financial assets at fair value through profit or loss:								
A. Equity investments	46,500	1	(725)	—	—	46,500	47,225	40,000
B. Funds								
Rockpool Capital SPC ("**RCS**")	194,739	2	(1,161)	—	—	194,739	—	195,900
Others	68,435	1	(48)	—	—	68,435	50,595	77,433
C. Bonds	35,657	0	725	943	—	35,657	48,192	34,069
D. Others	—	—	4,761	—	—	—	6,184	9,941
Sub-total	345,331	4	3,552	943	—	345,331	152,196	357,343
Total	2,012,172	24	(24,891)	73,304	288	2,012,172	1,725,857	2,283,118

The principal activities of the securities are as follows:

1. CAP is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the People's Republic of China (the "**PRC**").

2. Zhongliang is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

3. On 18 April 2019, the Group executed the subscription forms in respect of the Investment. The target underlying the investment is 25,000 Class C Shares with an initial net asset value of US$25 million in a segregated portfolio of RCS. RCS is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, and is an open-ended investment vehicle. Subject to the restriction that any single position in the segregated portfolio shall not exceed 10% of the net asset value of the entire segregated portfolio, there are no limitations on the markets or instruments that the segregated portfolio may invest in, or the percentage of the segregated portfolio's assets that may be committed to any region, market or instrument. Please refer to the joint announcement dated 18 April 2019 published by the Company and WYT for details.

4. Save as disclosed above, the Group also invested in other listed shares in Hong Kong. The fair value of each of investment in these shares represented less than 1.00% of the net assets of the Group as at 30 September 2019.

5. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.00% of the net assets of the Group as at 30 September 2019.

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure and therefore, the Group does not engage in any hedging activities. As at 30 September 2019, the Group held limited amount of foreign currency deposits, while all bank borrowings were denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Group's operating expenses during the reporting period.

OTHER SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 26 September 2019, the WYT Group announced a proposal to make (a) a pre-conditional voluntary partial cash offer to the CAP shareholders to acquire such number of CAP shares which would result in the WYT Group and parties acting in concert with it holding a maximum of 75% of the CAP shares in issue at the partial share offer price of HK$0.091 per CAP share; and (b) extend an appropriate offer to acquire a maximum of 54.83% of the outstanding principal amount of the 7.5% convertible note(s) due 2021 issued by CAP on 19 October 2016 (the "**CN**") (subject to adjustment in the event of a change in the issued share capital of CAP) at the partial CN offer price of HK$0.2775 for each outstanding HK$1 face value of the CN (collectively, the "**Partial Offers**"). The maximum total cash consideration payable by the WYT Group under the Partial Offers will amount to approximately HK$529.6 million. The acquisition of interests in CAP will allow WYT to enjoy its synergy effect to strengthen its quality control, supplier management or material price management of its products. It is believed the acquisition shall bring long-term strategic benefit to WYT for its business growth.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 944 (31 March 2019: 920) employees, of whom 86% (31 March 2019: 84%) were located in Hong Kong and the rest were located in mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programmes are also provided.

PROSPECTS

Looking forward, we expect that the global economy uncertainty and financial market volatility remain high throughout the remaining period of this financial year.

Given the recent social movement in Hong Kong, together with the uncertainty of the trade war between China and the United States, we remain our prudent view and outlook on the economic prospects in Hong Kong and the PRC.

With regard to our property development and investment properties sector, we still remain optimistic on Hong Kong residential property market in the near future due to the limited supply and continuous high demand for affordable residential properties in the market. While crises create opportunities and more accommodative and fiscal policies are expected to implement by the HKSAR Government, our Group will continue to explore opportunities in local residential property projects and expand our investment property portfolio at the same time.

Our fresh market segment remains as one of the growth engines of the Group. Apart from the traditional cooperation with the public sector landlord, we are looking for opportunities to work with various private landlords as well as leading a series of fresh market acquisitions to strengthen our rental portfolio. In addition, we will enhance our portfolio by exploring the butchery business for further strengthen our core business.

Retail sector in Hong Kong is severely affected by the recent social movement in Hong Kong. With the significant decline in mainland tourists, our traditional Chinese Medicine retail business is unavoidably affected as well. The Group will take active measure to revamp the sales network and operational efficiency. Moreover, we will closely monitor both local and global market conditions and explore chances to expand our retail shops and alternative sales channels to potential areas outside Hong Kong, in particular the Greater Bay Area of the PRC.

All in all, facing the severe headwind toward the global economy, the strong financial position, diversity and resilience of the Group provide us with ability to explore new opportunities under our prudent investment approach. In long run, we believe this will bring fruitful and sounding growth on all of our business segments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2019, the Company repurchased a total of 470.0 million shares of HK$0.01 each of the Company on the Stock Exchange. All the repurchased shares were subsequently cancelled by the Company on 14 August 2019. Details of the share repurchases during the period are as follows:

Month of repurchases	Number of share repurchased *(in million)*	Purchase price per share Highest *HK$*	Lowest *HK$*	Aggregate amount *HK$* *(in million)*
July 2019	315.0	0.105	0.098	31.7
August 2019	155.0	0.108	0.101	16.4
	470.0			48.1

The repurchase of the Company's shares by the Directors during the period was made pursuant to the mandate granted by the shareholders of the Company at the 2018 annual general meeting of the Company held on 29 August 2018, with a view to benefiting the shareholders of the Company as a whole by enhancing the net asset value per share and earnings per share of the Company. As at 30 September 2019 and up to the date of this announcement, the total number of shares of the Company in issue was 17,397,520,047 shares.

Save as disclosed above, 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 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2019.

The Group is committed to maintaining a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence and enhancing the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting terms than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the period under review and up to the date of this announcement and no incident of non-compliance by the Directors was noted by the Company during the period under review.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 of the Group. The Audit Committee comprises three independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau. Mr. Siu Kam Chau was elected as the chairman of the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of HKEXnews at (www.hkexnews.hk) and the Company at (www.wangon.com). The 2019 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Tang Ching Ho
Chairman

Hong Kong, 21 November 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Mr. Chan Chun Hong, Thomas, and three independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau.

* *For identification purpose only*