WANG ON GROUP LIMITED
（宏安集團有限公司）*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

ANNUAL FINANCIAL HIGHLIGHTS

	FY2020	FY2019	YoY change
Revenue *(HK$' million)*	**3,441**	4,009	-14.2%
Gross profit *(HK$' million)*	**1,611**	1,718	-6.2%
Net profit attributable to shareholders *(HK$' million)*	**276**	420	-34.3%
EPS *(HK cents)*			
Basic and diluted	**1.61**	2.30	-30.0%
Dividend per share *(HK cent)*			
Final	**0.50**	0.84	-40.5%
Interim	**0.10**	0.10	—

	As at 31.3.2020	As at 31.3.2019	
Total net asset value *(HK$' million)*	**9,042**	8,006	+12.9%
NAV per share *(HK$)*	**0.52**	0.45	+15.6%
Gearing ratio	**51.1%**	40.0%	+11.1%
Total cash and bank balances *(HK$' million)*	**1,584**	2,318	31.7%

* *For identification purpose only*

RESULTS

The board of directors (the "**Board**" or the "**Directors**") of Wang On Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE			
Revenue from contracts with customers	*4*	**2,978,116**	3,557,426
Interest income from treasury operation	*4*	**224,837**	235,503
Revenue from other sources	*4*	**237,770**	216,146
Total revenue		**3,440,723**	4,009,075
Cost of sales		**(1,829,735)**	(2,290,961)
Gross profit		**1,610,988**	1,718,114
Other income and gains, net	*4*	**484,990**	76,230
Selling and distribution expenses		**(456,313)**	(406,764)
Administrative expenses		**(435,915)**	(402,760)
Reversal of impairment losses/(impairment losses) of financial assets, net	*5*	**(70,328)**	70,216
Other expenses		**(117,736)**	(59,907)
Finance costs	*6*	**(229,169)**	(134,688)
Fair value gains/(losses) on financial instruments at fair value through profit or loss, net		**(49,826)**	2,201
Fair value gains/(losses) on owned investment properties, net		**(181,148)**	89,058
Reversal of write-down/(write-down) of properties held for sale		**(9,663)**	88,856
Share of profits and losses of:			
Joint ventures		**28,080**	(27,162)
Associates		**11,859**	51,797
PROFIT BEFORE TAX	*5*	**585,819**	1,065,191
Income tax expense	*7*	**(146,117)**	(171,800)
PROFIT FOR THE YEAR		**439,702**	893,391

	2020	2019
	HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(96,997)**	405
Reclassification adjustments for gains included in profit or loss:		
— impairment losses/(reversal of impairment losses), net	**52,746**	(75,190)
— gain on disposal/redemption, net	**(117,930)**	—
	(65,184)	(75,190)
Exchange differences on translation of foreign operations	**(83,845)**	(9,971)
Other reserves:		
Share of other comprehensive loss of joint ventures	**(10,786)**	(5,019)
Share of other comprehensive loss of associates	**(13,093)**	(26,917)
	(23,879)	(31,936)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(269,905)**	(116,692)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	**(87,057)**	(85,826)
Deferred tax	**9,977**	3,521
	(77,080)	(82,305)
Share of other comprehensive loss of an associate	**(6,331)**	(4,240)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(83,411)**	(86,545)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(353,316)**	(203,237)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**86,386**	690,154

	Note	2020 *HK$'000*	2019 *HK$'000*
Profit attributable to:			
Owners of the parent		**275,805**	419,782
Non-controlling interests		**163,897**	473,609
		439,702	893,391
Total comprehensive income attributable to:			
Owners of the parent		**17,475**	284,728
Non-controlling interests		**68,911**	405,426
		86,386	690,154
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**HK1.61 cents**	HK2.30 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,373,298**	1,292,739
Investment properties		**4,609,816**	1,367,500
Properties under development		**1,475,902**	1,355,318
Investments in joint ventures		**1,976,654**	1,481,855
Investments in associates		**69,903**	105,164
Financial assets at fair value through other comprehensive income		**1,096,016**	648,410
Financial assets at fair value through profit or loss		**111,178**	95,934
Loans and interest receivables	*11*	**11,336**	184,761
Prepayments, other receivables and other assets		**476,273**	433,692
Deferred tax assets		**4,607**	35,313
Total non-current assets		**11,204,983**	7,000,686
CURRENT ASSETS			
Properties under development		**2,298,232**	3,328,595
Properties held for sale		**2,432,770**	687,167
Inventories		**155,061**	161,508
Trade receivables	*10*	**88,773**	109,303
Loans and interest receivables	*11*	**508,523**	1,044,284
Prepayments, other receivables and other assets		**289,358**	454,171
Cost of obtaining contracts		**47,852**	115,779
Financial assets at fair value through other comprehensive income		**186,640**	925,251
Financial assets at fair value through profit or loss		**203,404**	56,262
Tax recoverable		**29,381**	1,448
Restricted bank balances		**8,157**	—
Cash and cash equivalents		**1,575,810**	2,318,224
		7,823,961	9,201,992
Assets classified as held for sale		**59,900**	215,176
Total current assets		**7,883,861**	9,417,168

	Note	2020 HK$'000	2019 HK$'000
CURRENT LIABILITIES			
Trade payables	*12*	**100,146**	195,570
Other payables and accruals		**1,434,090**	348,419
Contract liabilities		**569,785**	1,963,026
Financial liabilities at fair value through profit or loss		**5,022**	—
Interest-bearing bank and other borrowings		**2,656,906**	2,124,043
Provision for onerous contracts		**—**	18,613
Tax payable		**355,767**	260,461
		5,121,716	4,910,132
Liabilities directly associated with the assets classified as held for sale		**—**	361
Total current liabilities		**5,121,716**	4,910,493
NET CURRENT ASSETS		**2,762,145**	4,506,675
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,967,128**	11,507,361
NON-CURRENT LIABILITIES			
Unsecured bonds and notes		**181,220**	—
Interest-bearing bank and other borrowings		**3,117,103**	3,397,719
Convertible notes		**249,814**	—
Other payables		**707,834**	67,438
Deferred tax liabilities		**669,490**	36,678
Total non-current liabilities		**4,925,461**	3,501,835
Net assets		**9,041,667**	8,005,526
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**173,975**	178,675
Reserves		**5,688,832**	5,712,371
		5,862,807	5,891,046
Non-controlling interests		**3,178,860**	2,114,480
Total equity		**9,041,667**	8,005,526

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, derivative financial instruments and financial assets and liabilities at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale (other than investment properties) are stated at the lower of their carrying amounts and fair values less costs to sell. The financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's 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 to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23
Amendment to HKFRS 16*	*Covid-19-Related Rent Concession*

* Early adopted by the Group in the current year's financial statements

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The Group reassessed the sublease arrangements at 1 April 2019 that was previously classified as an operating lease applying HKAS 17 based on the remaining contractual terms and conditions of the head lease and sublease at 1 April 2019, and determined that these arrangements are finance leases applying HKFRS 16. Accordingly, the Group recognised net investments in subleases amounting to HK$5,060,000 and derecognised the corresponding right-of-use asset of the head lease amounting to HK$5,731,000, resulting in a loss of HK$671,000 recognised in the opening balance of accumulated losses at 1 April 2019.

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

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.

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 properties and office 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 leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact 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 included in other payables and accruals.

The right-of-use assets 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 consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date and included in property, plant and equipment in the 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. For leases previously accounted for as operating leases and entered into for earning sublease rental income, the related right-of-use assets of the head leases amounting to HK$512,000,000 were measured at fair value at 1 April 2019, and have been accounted for and classified as investment properties applying HKAS 40 from that date.

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

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics

Financial impact at 1 April 2019

The impact arising from the adoption of HKFRS 16 at 1 April 2019 was as follows:

	Increase/ (decrease) *HK$'000*
Assets	
Property, plant and equipment	111,077
Investment properties	512,000
Investments in joint ventures	13,213
Deferred tax assets	(2,151)
Prepayments, other receivables and other assets	4,239
Total assets	638,378
Liabilities	
Trade payables	(36,526)
Lease liabilities included in other payables and accruals	502,807
Other payables and accruals	(2,161)
Provision for onerous contracts	(18,613)
Tax payable	6,541
Deferred tax liabilities	21,642
Total liabilities	473,690
Equity	
Retained profits	167,687
Non-controlling interest	(2,999)
Total equity	164,688

(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's accounting policy for the long-term interests in associates is consistent with the requirements of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(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. The interpretation did not have any significant impact on the financial position or performance of the Group.

(d) The Group has early adopted the amendment to HKFRS 16 which provides relief to lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised considered for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease. The Group elects to adopt the practical expedient to account for the Covid-19 pandemic related rent concession as negative variable lease payments.

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 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 which also includes management of agricultural produce exchange markets in Mainland China newly acquired during the year and butchery business;

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

(e) the treasury management segment engages in the 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 resource 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 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.

Year ended 31 March

	Property development		Property investment		Fresh markets		Pharmaceutical		Treasury management		Elimination		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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	**2,368,405**	2,826,961	**20,628**	18,315	**265,702**	188,421	**560,137**	733,842	**225,851**	241,536	**–**	–	**3,440,723**	4,009,075
Intersegment sales	**–**	–	**13,012**	15,951	**–**	–	**8,872**	6,855	**–**	–	**(21,884)**	(22,806)	**–**	–
Other income	**23,871**	27,512	**78,144**	56,863	**2,181**	20,895	**–**	–	**531**	234	**–**	–	**104,727**	105,504
Total	**2,392,276**	2,854,473	**111,784**	91,129	**267,883**	209,316	**569,009**	740,697	**226,382**	241,770	**(21,884)**	(22,806)	**3,545,450**	4,114,579
Segment results	**799,391**	1,051,564	**(138,026)**	72,539	**29,723**	27,490	**(215,850)**	(148,894)	**195,003**	213,878	**–**	–	**670,241**	1,216,577
Reconciliation:														
Bank interest income													**24,684**	21,149
Finance costs													**(229,169)**	(134,688)
Provisional gain on bargain purchase													**230,844**	–
Fair value gains/(losses) on financial instruments at fair value through profit or loss, net													**(49,826)**	2,201
Gains/(losses) on disposals of subsidiaries, net													**(4,326)**	7,575
Loss on disposal of an associate													**(14,833)**	–
Corporate and unallocated expenses, net													**(81,735)**	(72,258)
Share of profits and losses of:														
Joint ventures													**28,080**	(27,162)
Associates													**11,859**	51,797
Profit before tax													**585,819**	1,065,191
Income tax expense													**(146,117)**	(171,800)
Profit for the year													**439,702**	893,391

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	2020 *HK$'000*	2019 *HK$'000*
Revenue		
Revenue from contracts with customers		
Sale of properties	**2,368,405**	2,823,584
Sale of goods	**595,481**	733,842
Commission income from agricultural produce exchange market	**5,618**	—
Agricultural produce exchange markets ancillary services	**8,612**	—
	2,978,116	3,557,426
Interest income		
Interest income from treasury operation	**224,837**	235,503
Revenue from other sources		
Sub-licensing fee income	**189,677**	188,421
Gross rental income from investment property operating lease	**47,079**	21,692
Dividend income from financial assets	**1,014**	2,745
Gain on disposal of listed equity investments at fair value through profit or loss held for trading	**—**	3,288
	237,770	216,146
	3,440,723	4,009,075

An analysis of the Group's other income and gains, net is as follows:

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**24,684**	21,149
Management fee income	**16,109**	9,132
Forfeiture of deposits from customers	**2,483**	9,745
Others	**31,404**	23,977
	74,680	64,003
Gains, net		
Provisional gain on bargain purchase	**230,844**	—
Gains on disposals of subsidiaries, net	**—**	7,575
Gain on disposal of investment properties, net	**5,243**	2,649
Gain on disposal of property, plant and equipment, net	**56,293**	19
Gain on disposal/redemption of debt investments at fair value through other comprehensive income, net	**117,930**	1,984
	410,310	12,227
Other income and gains, net	**484,990**	76,230

5. PROFIT BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Cost of services provided	**64,001**	157,350
Cost of properties sold	**1,298,221**	1,680,166
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$9,567,000 (2019: HK$9,454,000))	**346,818**	449,915
Depreciation of owned assets	**78,731**	73,887
Depreciation of right-of-use assets	**71,632**	—
Minimum lease payments under operating leases	**—**	197,513
Auditor's remuneration	**10,700**	11,400
Lease payments not included in the measurement of lease liabilities	**15,448**	—
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**351,196**	341,684
Pension scheme contributions	**12,395**	14,779
Less: Amount capitalised	**(7,493)**	(10,522)
	356,098	345,941
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties***	**1,953**	3,530
Fair value losses on sub-leased investment properties***	**118,742**	—
Loss on disposal of an associate*	**14,833**	—
Loss/(gain) on disposal of subsidiaries*	**4,326**	(7,575)**
Write down of properties under development*	**3,842**	—
Provisional gain on bargain purchase**	**(230,844)**	—
Gain on disposal of investment properties, net**	**(5,243)**	(2,649)
Gain on disposal of property, plant and equipment, net**	**(56,293)**	(19)
Impairment losses/(reversal of impairment losses) on items of property, plant and equipment, net*	**80,523**	(20,675)
Impairment of trademarks*	**—**	61,356
Foreign exchange differences, net*	**14,212**	10,276
Impairment losses/(reversal of impairment losses) of financial assets, net:		
Impairment/(reversal of impairment) of debt investments at fair value through other comprehensive income, net	**52,746**	(75,190)
Impairment of other receivables	**30**	—
Impairment of trade receivables, net	**8,556**	2,343
Impairment of loans and interest receivables, net	**8,996**	2,631
	70,328	(70,216)
Provision for onerous contracts*	**—**	8,950

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

** The gain is included in "Other income and gains, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Theses expenses are included in "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**224,282**	184,038
Interest on lease liabilities	**59,625**	—
Interest on unsecured bonds and notes	**3,295**	—
Interest on promissory notes	**3,917**	—
Interest on convertible notes	**4,662**	—
Interest expenses arising from revenue contracts	**972**	24,592
Less: Interest capitalised	**(67,584)**	(73,942)
	229,169	134,688

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2019/2020. The first HK$2,000,000 (2019: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2020	2019
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**123,069**	181,206
Under/(over)-provision in prior years	**(551)**	2,537
Current — other jurisdiction		
Income tax charge for the year	**3,406**	—
	125,924	183,743
Deferred	**20,193**	(11,943)
Total tax charge for the year	**146,117**	171,800

8. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Interim — HK0.1 cent (2019: Interim — HK0.1 cent) per ordinary share	**17,398**	18,929
Less: interim dividend related to treasury shares attributable to the owners of the parent	**(246)**	(423)
Less: interim dividend related to treasury shares attributable to the non-controlling shareholders	**(177)**	(184)
	16,975	18,322
2019 final — HK0.84 cent (2019: 2018 final — HK0.5 cent) per ordinary share	**150,087**	94,643
Less: final dividend related to treasury shares attributable to the owners of the parent	**(2,063)**	(2,115)
Less: final dividend related to treasury shares attributable to the non-controlling shareholders	**(1,490)**	(919)
	146,534	91,609
	163,509	109,931

Subsequent to the end of the reporting period, the board of directors of the Company has recommended the payment of a final dividend of HK0.50 cent per share (2019: HK0.84 cent), totalling approximately HK$86,988,000, for the year ended 31 March 2020 (2019: HK$150,087,000) to the shareholders of the Company.

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

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

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 March 2020 and 2019 and the share options of the Company's subsidiary outstanding during the years ended 31 March 2020 and 2019 also had no dilutive effect on the basic earnings per share amounts presented for the years ended 31 March 2020 and 2019.

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

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**275,805**	419,782

	Number of shares	
	2020	2019
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**17,550,904**	18,649,134
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	**17,127,904**	18,226,134

10. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**109,467**	116,953
Impairment	**(20,694)**	(7,650)
	88,773	109,303

The Group's trading terms with its customers are mainly on credit. The credit periods range 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.

Included in the Group's trade receivables are amounts due from the Group's associates of HK$14,805,000 (2019: HK$13,871,000) which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing 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:

	2020 *HK$'000*	2019 *HK$'000*
Within 1 month	**44,256**	63,042
1 to 3 months	**27,231**	29,464
3 to 6 months	**12,088**	13,173
Over 6 months	**5,198**	3,624
	88,773	109,303

11. LOANS AND INTEREST RECEIVABLES

	Notes	2020 *HK$'000*	2019 *HK$'000*
Loans and interest receivables, secured	*(i)*	**433,577**	1,047,538
Loans and interest receivables, unsecured	*(ii)*	**115,112**	200,165
		548,689	1,247,703
Less: Impairment allowance		**(28,830)**	(18,658)
		519,859	1,229,045
Less: Loans and interest receivables classified as non-current assets		**(11,336)**	(184,761)
Current portion		**508,523**	1,044,284

Notes:

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 8.16% to 33% (2019: 8% to 33%). The credit terms of these loans receivable range from 2 months to 10 years (2019: 3 months to 20 years).

As at 31 March 2019, included in the above loans and interest receivables are vendor loan to the immediate holding company of the purchaser of a joint venture of HK$600,000,000, which bear interest at 0.7% per annum over 12-month HIBOR which has been fully paid during the year.

(ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 1% to 15% (2019: 5% to 34.8%). The credit terms of these loans receivable range from 6 months to 36 months (2019: 3 months to 38 months).

As at 31 March 2019, balance included loans and interest receivables from Easy One Financial Group Limited, an associate of the Group, of HK$73,157,000, which has been fully repaid during the year.

12. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**40,188**	174,534
1 to 3 months	**3,625**	6,547
3 to 6 months	**4,470**	7,608
Over 6 months	**51,863**	6,881
	100,146	195,570

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

13. EVENTS AFTER THE REPORTING PERIOD

PRIVATISATION OF EASY ONE FINANCIAL GROUP LIMITED ("EOG")

On 4 May 2020, Caister Limited ("**Caister**"), a company wholly owned by the Company's controlling shareholder, Mr. Tang Ching Ho, requested the board of EOG (an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 221)) to put forward a proposal (the "**Proposal**") to the other shareholders of EOG for the privatisation of EOG by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act.

Pursuant to the Proposal, all the ordinary shares of HK$0.01 each in EOG (the "**Scheme Share(s)**") will be cancelled in exchange for the consideration comprising the cash consideration of HK$0.3 per Scheme Share and the consideration shares on the basis of eight (8) ordinary share(s) of HK$0.01 each of the Company as held by Caister, for each Scheme Share. The Proposal, upon implementation, will constitute a discloseable and connected transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Details of the transaction were set out in the joint announcement published by the Company, Wai Yuen Tong Medicine Holdings Limited ("**WYTH**", together with its subsidiaries, collectively the "**WYT Group**"), EOG and Caister dated 4 May 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2020, the Group's revenue and profit attributable to owners of the parent amounted to HK$3,440.7 million (2019: HK$4,009.1 million) and HK$275.8 million (2019: HK$419.8 million), respectively.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.50 cent (2019: HK0.84 cent) per ordinary share for the year ended 31 March 2020 to the shareholders (the "**Shareholders**") whose names appear on the register of members of the Company as of Wednesday, 2 September 2020. The final dividend will be paid on or around Friday, 11 September 2020, subject to Shareholders' approval at the forthcoming annual general meeting of the Company to be held on Monday, 24 August 2020. Together with the interim dividend of HK0.10 cent (30 September 2018: HK0.10 cent) per ordinary share, the total dividends for the year ended 31 March 2020 will be HK0.60 cent (2019: HK0.94 cent) per ordinary share.

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2020 decreased by 14.2% to HK$3,440.7million (2019: HK$4,009.1 million). The reduction in revenue is mainly due to a decrease in sales revenue from property segment as a result of lesser sales recognition from completion of properties sales. Profit for the year was HK$439.7 million (2019: HK$893.4 million), representing a decrease of 50.8% over last year, mainly due to the impact of fair value losses on investment properties for the year ended 31 March 2020 as opposed to recording fair value gains on investment properties last year, fair value loss of financial instruments at fair value through profit or loss and increase in finance cost.

The profit attributable to owners of the parent was HK$275.8 million (2019: HK$419.8 million).

The Group continues to maintain a strong financial position.

As of 31 March 2020, the Group's net assets were HK$9,041.7 million (2019: HK$8,005.5 million). Its cash resources amounted to HK$1,974.0 million (2019: HK$3,299.7 million) including cash and bank balances of HK$1,584.0 million (2019: HK$2,318.2 million) and short-term investments of HK$390.0 million (2019: HK$981.5 million). In aggregate, the total borrowings as of 31 March 2020 was HK$6,205.0 million (2019: HK$5,521.8 million) giving the Group a net debt position (total borrowings less cash and bank balances) of HK$4,621.0 million (2019: HK$3,203.6 million). The review of the individual business segments of the Group is set out below.

Property Development

Wang On Properties Limited ("**WOP**", together with its subsidiaries, collectively the "**WOP Group**"), a non-wholly owned listed subsidiary of the Company, is a premium property development company with focus on Hong Kong residential and commercial property market. Property development segment recorded revenue and segment profit of HK$2,368.4 million and HK$799.4 million, respectively (2019: HK$2,827.0 million and HK$1,051.6 million, respectively). The main contributor to the segment revenue was mainly due to completion and delivery of The Met. Acappella. As at the date of this announcement, all units of this project were sold.

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 is co-developed by the WOP Group and CIFI Holdings (Group) Co. Ltd. The WOP Group holds a 50% stake in the project. As at the date of this announcement, 253 out of 309 units released were sold and the contracted sales amounted to HK$2.9 billion. The project is undergoing the construction of the superstructure and is expected to be delivered this year.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601 Whitehead, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited and was launched in December 2018. The project features its prime location 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. 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, 429 out of 534 units released were sold and the contracted sales amounted to HK$3.7 billion. The occupation permit of this project was granted and is expected to be delivered this year. The WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

In April 2018, the WOP Group completed the acquisition of all the 16 properties located at Nos. 86A–86D Pokfulam Road, Hong Kong. The site will be redeveloped into luxurious properties and is undergoing the site work. The WOP Group owns 70% equity interest in this property development project.

Tsing Yi residential project

The new "The Met." project located at Tsing Yi Town Lot No. 192, at the junction of Liu To Road and Hang Mei Street, Tsing Yi is undergoing the superstructure work. The land is situated within a developed community with comprehensive amenities, including large shopping malls such as Maritime Square, as well as Tsing Yi Park, Tsing Yi Sports Ground and Tsing Yi Swimming Pool, that can provide a wide variety of leisure and shopping choices for residents. It also has the convenience of easy accessibility, being within several minutes' ride to Tsing Yi MTR Station, and is also connected with major highways, including Tsing Ma Bridge, Tai Lam Tunnel, and Ting Kau Bridge of Tuen Mun Road. It can be used for both commercial and residential development and is designed to provide a public transportation terminal (minibus station). The project is wholly-owned by the WOP Group.

As at 31 May 2020, the Group had a development land portfolio as follows:

Project	**Approximate site area** *(square feet)*	**Approximate gross floor area** *(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

Fresh Markets

The fresh market business segment, which is a consistent source of profit and cash, record an increase in revenue by 41.0% to HK$265.7 million (2019: HK$188.4 million) as a result of additional revenue from the operation of agricultural produce exchange markets of China Agri-Products Exchange Limited ("**CAP**", together with its subsidiaries, collectively the "**CAP Group**") following the completion of its acquisition during the year, and also new revenue streams brought by butchery business. Segment profit increased by 8.0% to HK$29.7 million (2019: HK$27.5 million).

The Group's fresh market business has been built over the past two decades. During the reporting period, the Group managed a substantial portfolio of approximately 800 stalls under the "Allmart" brand and "Day Day Fresh" brand of fresh markets in Hong Kong with a total gross floor area ("**GFA**") of over 200,000 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.

Along with the existing fresh market business on a stable footing, the Group had commenced building a portfolio of self-owned fresh markets in Hong Kong through joint ventures.

In January 2019, the WOP Group successfully won a bid to acquire a retail podium and car parking spaces at Lake Silver, No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories at a total consideration of HK$653.0 million. In April 2019, the WOP Group has divested 50% equity interest in this investment by forming a joint venture. The acquisition completed on 16 May 2019. The Group has refurbished part of the property as a fresh market and taken the management of under the brand "Day Day Fresh" inside the retail podium. The fresh market has already opened in May 2020.

Moreover, in April 2019, the WOP Group entered into a provisional agreement for the acquisition of the commercial accommodation and car parking spaces at The Parkside, No. 18 Tong Chun Street, Tseung Kwan O, New Territories for a consideration of HK$780.0 million. A joint venture was formed by divesting 50% of the Group's equity interest on it. The acquisition completed on 4 July 2019. The Group has refurbished part of the property as a fresh market and taken the management of under the brand "Day Day Fresh" inside the commercial accommodation. The fresh market has already opened in January 2020. We are confident that the combination of our expertise in property investment and fresh market operation shall deliver strong synergy to create unique business value to fuel further growth of this segment.

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. For the year ended 31 March 2020, the butchery business generated revenue of approximately HK$33.5 million. We believe Hong Kong people's pork dietary habit, combined with our well established fresh market network, can 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. As at the date of this announcement, 12 butchery stores were in operation.

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 People's Republic of China (the "**PRC**"). The joint venture currently manages a portfolio of approximately 1,000 stalls with a GFA of over 283,000 square feet, in which approximately 152,000 square feet are owned by the joint venture. Following the issuance of urban redevelopment policy by 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.

Following the acquisition during the year of a controlling interest in CAP through WYTH (the "**CAP Acquisition**") which is an indirect non-wholly owned listed subsidiary of the Company, the Group, through CAP, now operated 11 agricultural produce exchange markets across five provinces in the PRC. The acquisition of these agricultural produce exchange markets expanded significantly our presence in the fresh market segment in the PRC. CAP Group operates various agricultural produce exchange markets in Hubei, Henan, Guangxi Zhuang Autonomous Region, Jiangsu Province and Liaoning Province of the PRC. During the period under review, the outbreak of the coronavirus significantly affected the market performance during early 2020 in particular for these markets in Hubei. As the pandemic began under control, the performance of these markets returned to normal. Apart from this, both the operating performance and market ranking of our markets remarked steady progress.

Property Investment

As at 31 March 2020, our owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK$1,058.4 million (31 March 2019: approximately HK$1,515.0 million).

During the reporting period, we received gross rental income of approximately HK$20.6 million.

During the reporting period, we continued to dispose of secondhand residential properties and realised HK$41.3 million (2019: HK$28.4 million). As at 31 March 2020, we still held 10 secondhand residential properties with valuation of HK$59.9 million.

Pharmaceutical and Health Food Products Business

WYTH, a non-wholly owned listed subsidiary of the Company, is a pharmaceutical company with focus on manufacturing and/or retailing of pharmaceutical and health food products. The year under review was a challenging year for our pharmaceutical and health food products segment with revenue totaling HK$560.1 million (2019: HK$733.8 million), representing a drop of 23.7%. The continuous social unrest and COVID-19 pandemic have unavoidably hurt the inbound tourism, which directly impact on our retail sales, in particular for those districts where were originally very popular with the mainland tourists.

Chinese Pharmaceutical and Health Food Products

Total sales of the Chinese pharmaceutical and health food products decreased by 25.6% to HK$459.8 million. The Group continued to promote and develop a series of traditional Chinese medicine ("**TCM**") healthcare products for common diseases of urban people. Stroke prevention supplementation is a fast growth market in Hong Kong in which "Wai Yuen Tong" has three series of TCM products to cover the market: namely Angong Niuhuang Wan, Angong Zaizao Wan and Angong Jiangya Wan. The series is registered in Hong Kong according to ancient prescriptions or nationally recognised prescription and its whole production process is carried out at our Good Manufacturing Practice ("GMP") or The Pharmaceutical Inspection Co-operation Scheme ("PIC/S") factory in Yuen Long, Hong Kong. During the existing pandemic environment, Angong Niuhuang Wan is considered as good for health product which is increasingly popular in the market from time to time.

The Group targeted better cost efficiency through further optimisation of its retail sales network and distribution channels. We had enhanced the distribution channel by partnering with a strong distributor since the fourth quarter of 2018 which will focus on distributing our products to the key accounts in Hong Kong. By the end of the year, we had over 55 retail outlets in Hong Kong. The enhanced distribution network helps strengthen the Group's sales and brand recognition. A strong network has been laid down for a sustainable growth in the future.

We have been moving forward to secure trade customers portfolio that meet our key selection criteria of financial condition and sales abilities. "Wai Yuen Tong" brand is a reputable household name established over a century ago. We will continue to promote our brand value to maintain a leading market position in Chinese pharmaceutical and health food product markets.

Western Pharmaceutical and Health Food Products

Revenue of the Western pharmaceutical and health food products decreased by 13.5% to HK$100.3 million since the consumer sentiment stayed weak for the year ended 31 March 2020. The two major product series, are "Madame Pearl's" and "Pearl's". Madame Pearl's is our brand for cough syrup while Pearl's product series comprises MosquitOut spray, hand cream and itch-relief products. The two major product series are under this business segment encountered different challenges during the year. Nevertheless, during the year the Group placed substantial resources in revamping its Western pharmaceutical and health care product distribution channels in order to improve efficiency. More resources were put on branding aiming to strengthen the brand loyalty for both "Madame Pearl's" and "Pearl's" product series. To comply with mainland China's relevant regulations, the Group has engaged various local industry players to rejuvenate the penetration of its upper airway product series under the "Madame Pearl's" brand into mainland China.

Capitalising on state-of-the-art technology and advanced equipment of the Group's Yuen Long factory, the Group continued to carry out research and development of products for core medical solution targeting at institutional clients.

Treasury Management

The Group maintains a strong financial position. Liquid investments amounted to HK$1,597.2 million at 31 March 2020, represents a decrease of 7.5% from the balance of HK$1,725.9 million at 31 March 2019. The liquid investments represented 66.5% of the debt securities, 18.3% of equity securities and 15.2% of fund investment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the equity attributable to owners of the parent decreased by 0.5% to HK$5,862.8 million (2019: HK$5,891.0 million). The Group's total equity, including the non-controlling interests, increased to HK$9,041.7 million (2019: HK$8,005.5 million) as at 31 March 2020.

As at 31 March 2020, the Group's total assets were HK$19,088.8 million (2019: HK$16,417.9 million). Total cash and bank balances held amounted to HK$1,584.0 million (2019: HK$2,318.2 million) as at 31 March 2020. The Group also maintained a portfolio of liquid investments with an aggregate market value of HK$1,597.2 million (2019: HK$1,725.9 million) as at 31 March 2020, which is immediately available for use when in need.

As at 31 March 2020, the Group's total debt amounted to HK$6,205.0 million (2019: HK$5,521.8 million). The Group's net debt to equity was approximately 51.1% (2019: 40.0%) as at 31 March 2020.

As at 31 March 2020, the Group's land and buildings, investment properties, 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 carrying value of HK$445.0 million, HK$2,285.7 million, HK$3,448.4 million, HK$1,035.5 million, HK$743.3 million and HK$32.2 million (2019: HK$471.1 million, HK$1,398.6 million, HK$3,216.4 million, HK$668.2 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 31 March 2020 was amounted to HK$899.3 million (2019: HK$956.9 million)is mainly for property development business. The Group has given guarantee to a bank in connection with a facility granted to the joint venture up to HK$1,617.6 million, which were utilised to the extent of HK$1,090.5 million as at the end of the reporting period.

The Group provided guarantees of approximately of HK$63.5 million to customers in favour of a bank of the loans provided by the banks to the customers of the properties sold (2019: Nil).

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources are under close monitor 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 cater for the Group's operation needs in the foreseeable future. The Group operates a central cash management system. The Group prudently invests in liquid investment in order to obtain a reasonable return while maintain liquidity.

DEBT PROFILE AND FINANCIAL PLANNING

As at 31 March 2020, interest-bearing debt profile of the Group was analysed as follows:

	2020	2019
	HK$'000	*HK$'000*
Bank loans repayable		
Within one year or on demand	**2,656,906**	2,124,044
In the second year	**1,153,078**	1,245,360
In the third to fifth years, inclusive	**1,473,532**	1,554,053
Beyond five years	**291,523**	410,735
	5,575,039	5,334,192
Other loans repayable		
In the third to fifth years, inclusive	**198,970**	187,570
Unsecured Notes(i), (iii)		
In the third to fifth years, inclusive	**181,220**	—
Convertible Notes (ii), (iii)		
In the second year	**249,814**	—
	6,205,043	5,521,762

(i) The Group's non-wholly owned listed subsidiary, CAP has issued unsecured notes with maturity in September 2024 (the "**Unsecured Notes**") which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of debt issue to professional investors only (stock code: 5755). As at 31 March 2020, the Unsecured Notes in the principal amount of HK$290,000,000 remained outstanding.

(ii) The Group's non-wholly owned listed subsidiary, CAP, issued convertible notes with the aggregate principal amount of HK$500 million on 19 October 2016 which will mature on 18 October 2021 (the "**Convertible Notes**"), which entitle the holders to convert into the ordinary shares of CAP at a conversion price of HK$0.4 per share. During the year, no Convertible Notes were converted into CAP shares by the Convertible Notes' holders. As at 31 March 2020, the Convertible Notes with the outstanding principal amount of HK$264.8 million was in issue and maximum number of CAP shares to be converted is 662,000,000 CAP shares.

(iii) The Unsecured Notes and the Convertible Notes are consolidated to the Group's indebtedness after the CAP Acquisition during the year ended 31 March 2020.

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 our 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, convertible notes, other debt financial instruments, and disposal of properties.

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

As at 31 March 2020, the Group held financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately HK$1,282.7 million and HK$314.6 million, respectively:

		As at 31 March 2020		For the year ended 31 March 2020			Fair value/carrying amount		
Nature of investments	*Notes*	**Amount held**	**Percentage to the Group's net assets**	**Fair value gain/(loss)**	**Bond interest income**	**Dividends received**	**As at 31 March 2020**	**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 investment		259,061	3%	(87,057)	—	814	259,061	107,321	360,287
B. Debts investment									
CAP — 10% 5-year bonds	*1*	—	—	—	53,201	—	—	785,002	—
Zhongliang Holdings Group Company ("**Zhongliang**") Limited	*2*	211,076	2%	3,145	12,667	—	211,076	—	207,647
China South City Holdings Limited	*3*	141,728	2%	(8,468)	5,739	—	141,728	—	149,908
China Evergrande Group	*4*	107,638	1%	(4,904)	5,741	—	107,638	66,707	112,498
Others		563,153	6%	(86,770)	62,759	—	563,153	614,631	657,036
Sub-total		1,282,656	14%	(184,054)	140,107	814	1,282,656	1,573,661	1,487,376
Financial assets at fair value through profit or loss									
A. Equity investments		32,783	—	(14,519)	—	200	32,783	47,225	42,462
B. Funds									
Rockpool Capital SPC ("**RCS**")	*5*	175,150	2%	(30,908)	—	—	175,150	—	206,058
Others		68,249	1%	(233)	—	—	68,249	50,595	68,210
C. Bonds		32,180	—	(1,124)	2,025	—	32,180	48,192	34,069
D. Others		6,220	—	(3,042)	—	—	6,220	6,184	—
Sub-total		314,582	3%	(49,826)	2,025	200	314,582	152,196	350,799
Total		1,597,238	17%	(233,880)	142,132	1,014	1,597,238	1,725,857	1,838,175

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 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. Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

3. China South City Holdings Limited is a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange. China South City Holdings Limited and its subsidiaries are principally engaged in property development, investment in integrated logistics and trade centers, residential and commercial ancillary facilities, property management, development, operations and maintenance of an E-commerce platform and provision of advertising, exhibition, logistics and warehousing services, outlet operations and other services.

4. China Evergrande Group, formerly Evergrande Real Estate Group Limited, 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. China Evergrande Group and its subsidiaries are principally engaged in property development, property investment, property management and property construction, the provision of hotel and other property development related services, insurance and fast consuming products business, mineral water production and food production.

5. 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 WYTH for details.

6. Save as disclosed above, the Group also invested in other shares listed in Hong Kong. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 31 March 2020.

7. 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 1.0% of the net assets of the Group as at 31 March 2020.

The CAP Acquisition

Apart from the above, on 26 September 2019 (as supplemented by the announcement of the Company dated 28 November 2019), Goal Success Investments Limited (the "**Offeror**"), an indirect wholly-owned subsidiary of 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 (the "**Partial Share Offer**"); and (b) extend an appropriate offer to acquire a maximum of 46.86% 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$0.2275 for each outstanding HK$1 face value of the CN ((the "**Partial CN Offer**", together with the Partial Share Offer, collectively the "**Partial Offers**"). The maximum total cash consideration payable by the WYT Group under the Partial Offers amounted to approximately HK$529.6 million.

On 29 January 2020, the Partial Share Offer was approved by the independent shareholders of CAP. Moreover, the WYT Group further announced that as at 29 January 2020, all the conditions to the Partial Share Offer were fulfilled and the Partial Share Offer became unconditional in all respects. The Partial CN Offer, which was subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects, accordingly became and was declared unconditional in all respects.

On 12 February 2020 (i.e., the final closing date of the Partial Offers), according to the terms of the Partial Share Offer, the Offeror acquired and became the owner of 5,312,395,685 CAP shares, representing approximately 53.37% of the CAP shares in issue and the Offeror, together with parties acting in concert with it, held 7,464,800,866 CAP shares, representing approximately 75% of the CAP shares in issue.

For details, please refer to the announcements dated 26 September 2019, 16 October 2019, 15 November 2019, 26 November 2019, 28 November 2019, 16 December 2019, 31 December 2019, 7 January 2020, 14 January 2020, 29 January 2020 and 12 February 2020, respectively jointly published by the Company, Offeror, CAP and WYT.

EOG privatisation

On 4 May 2020, Caister, a company wholly-owned by the Company's controlling shareholder, Mr. Tang Ching Ho, requested the board of EOG (an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 221)) to put forward the Proposal to the other shareholders of EOG for the privatisation of EOG by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act.

Pursuant to the Proposal, all the Scheme Shares will be cancelled in exchange for the consideration comprising the cash consideration of HK$0.3 per Scheme Share and the consideration shares on the basis of eight (8) ordinary share(s) of HK$0.01 each of the Company as held by Caister, for each Scheme Share. The Proposal, upon implementation, will constitute a discloseable and connected transaction for the Company under the Listing Rules.

Details of the transaction were set out in the joint announcement published by the Company, WYTH, EOG and Caister dated 4 May 2020.

LITIGATION

In 2007, the CAP Group acquired Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd ("**Tian Jiu**") for their respective 70% and 20% interest in Baisazhou Agricultural (the "**Baisazhou Acquisition**").

Since 2011, the CAP Group has been involved in a number of civil proceedings in mainland China and Hong Kong. The key civil proceedings in mainland China and Hong Kong in respect of the Baisazhou Acquisition are set out below:

In mainland China, proceedings concerning Ms. Wang, Tian Jiu and the CAP Group:

Major allegations of Ms. Wang and Tian Jiu included the following:

a) it is alleged that Baisazhou Agricultural forged share transfer agreements (the "**Contended Agreements**") in relation to the Baisazhou Acquisition wherein the related consideration was understated and the manner of settlement of the consideration was inaccurately described;

b) it is alleged that Baishazhou Agricultural forged the related documentation for filing with the PRC Ministry of Commerce ("**MOFCOM**") and the Hubei Administration For Industry and Commerce (the "**Hubei AIC**"), and that such documentation and the Contended Agreement involved forged signatures; and

c) it is alleged that MOFCOM and the Hubei AIC approved the Baisazhou Acquisition and processed the related filings on the basis of the above documents that are allegedly forged.

In March 2020, CAP noted the judgment of the Supreme People's Court dated 31 December 2019 ("**31 December Judgment**"). In the 31 December Judgment, the Supreme People's Court dismissed the application of Ms. Wang and Tian Jiu for retrial and for dismissal of (i) the judgment of the Beijing Second Intermediate People's Court dated 31 March 2017 ("**31 March Judgment**") (which dismissed the application made by Ms. Wang and Tian Jiu to revoke the decision issued by MOFCOM that its approval issued in relation to the Contended Agreements shall not be revoked and shall remain to be in force), and (ii) the judgment of the Beijing High People's Court dated 20 December 2018 (which upheld the ruling of the Beijing Second Intermediate People's Court in the 31 March Judgment).

In other words, in the opinion of the Directors and as advised by the PRC legal adviser, the approval issued by MOFCOM in 2007 in relation to the Contended Agreements shall not be revoked and remain to be in force, and the CAP Group continues to be the legal and beneficial owner of Baisazhou Agricultural under the PRC Laws.

This is consistent with the judgment issued by the Higher People's Court of Hubei Province in December 2019 which dismissed the counterclaims made by Ms. Wang and Tian Jiu against CAP therein for orders that (i) the share transfer agreements in relation to the acquisition of an aggregate 90% interest in Baisazhou Agricultural from Ms. Wang as to 70% thereof and Tian Jiu as to 20% thereof (the "**Contended Interests**") were void and invalid from the beginning, (ii) costs of the legal proceedings be paid to Ms. Wang and Tian Jiu, and (iii) the Contended Interests be returned to Ms. Wang and Tian Jiu.

In Hong Kong, CAP as plaintiff against Ms. Wang and Tian Jiu as defendant:

In 2011, CAP issued a Writ of Summons in the Hong Kong Court of First Instance (the "**Court**") against Ms. Wang and Tian Jiu. CAP (as purchaser) sought damages from Ms. Wang and Tian Jiu (as vendors) for their breach of various provisions of the sales and purchase agreements for the Baisazhou Acquisition (the "**SPA**").

In 2012, CAP obtained a court order from the Court to effect that undertakings (the "**Undertakings**") were given by Ms. Wang and Tian Jiu not to (i) indorse, assign, transfer or negotiate the two instruments (purportedly described as promissory notes in the SPA) (the "**Instruments**"); and (ii) enforce payment by presentation of the Instruments until the final determination of the court action or further court order. Pursuant to the Undertakings, the Instruments will no longer fall due for payment by CAP on 5 December 2012. The parties are waiting for the Court to hand down the judgement.

For details with regard to the civil proceedings which the CAP Group has been involved in, please refer to the interim/annual reports and announcements issued by the CAP Group.

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 31 March 2020, the Group held limited amount of foreign currency deposits, while all bank borrowings are 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 2,037 (2019: 920) employees, of whom approximately 38% (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 programs are also provided.

PRINCIPLE RISKS AND UNCERTAINTIES

The Group has reviewed the principal risks and uncertainties which may affect its businesses, financial condition, operations and prospects based on its risk management system and considered that the major risks and uncertainties that may affect the Group included (i) Hong Kong economic conditions which may directly affect the property market; (ii) availability of suitable land bank for future development; (iii) the continuous escalation of construction cost in Hong Kong in recent years; (iv) business cycle for property under development may be influenced by a number of factors and the Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to our quality and safety standards or within the timeline required by the Group; (vi) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (vii) credit risk and recoverability of provision of loans which may incur bad debts during the downturn of economy; (viii) loss of management contracts for fresh markets which may arise in light of severe competition with existing market players and entry of new participants into the market; (ix) industrial policy risk and supply chain disruption for pharmaceutical business; and (x) internet risk. Moreover, following the acquisition of CAP by the WYT Group during the year, further risks and uncertainties have been identified including (xi) fluctuation in the exchange rate of Renminbi against Hong Kong dollars, and (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets.

In response to the abovementioned possible risks, the Group has a series of internal control and risk management policies to cope with the possible risks and has serious scrutiny over the selection of quality customers and suppliers. The Group has formed various committees to develop and review strategies, policies and guidelines on risk control; which enable the Group to monitor and response to risk effectively and promptly. The Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Group.

PROSPECTS

We believe 2020 will be a year of challenge. Apart from the continual of the US-China trade disputes, the outbreak of COVID-19 at the beginning of 2020 has posed a new threat to all countries around the world. Measures taken by different countries to contain the spread of the pandemic, including quarantine arrangement, operation suspension and travel restrictions, have led to various challenges to many businesses. As a result, corporate closure and unemployment rate is expected to escalate. Nevertheless, as the pandemic began under control, the performance of various segments of the Group will gradually be restored.

In respect of the property development segment in Hong Kong, it is expected that the adjustment of the loan-to-value ratio threshold and lowering of interest rate of Hong Kong Mortgage Corporation's Mortgage Insurance Programme in October 2019 will encourage increased investment into the residential property market. According to the Land Registry, the number of recorded property sales in May 2020 has rebounded from the first quarter of 2020. The Group will continue to explore opportunities in property acquisition and further enhance its operational efficiency by focusing on value-added property developments, such as building fresh markets in its developed properties, to create additional synergy.

The fresh market operations have been a cash flow generating and profitable business over the past decades. The fresh market segment continues to grow steadily in Hong Kong and is expected to provide stable recurring income and cash flow to the Group. The Group expects to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in both public and private sectors in Hong Kong to strengthen its recurring income.

Moreover, following the acquisition of CAP through the WYT Group in the year ended 31 March 2020, the Group, through CAP, now operates 11 agricultural produce exchange markets across five provinces in the PRC. Such acquisition has significantly expanded the Group's presence in the fresh market segment in the PRC. Looking ahead, the Group will continue to build a nationwide agricultural produce exchange network by leveraging its leading position in the industry, replicable business model, advanced management system and IT infrastructure and quality customer service. Agricultural development is one of the main development focuses of the PRC government in the next few years, and major growth in the agriculture sector is expected to be driven by the "Belt and Road Initiative". The Group will continue to capture new business opportunities by cooperating with partners to adopt an 'asset light' approach. Given the Group's leading position on the market and dynamic business model, the Group is confident that it will deliver long-term benefits to the Company and its shareholders.

Current trading environment for pharmaceutical and health food products in Hong Kong, Macau and the PRC have been affected due to US-China trade war and the COVID-19 pandemic. "Wai Yuen Tong", a reputable pharmaceutical household brand that was established over a century ago, is anticipated to slow down in its performance. Moreover, decrease in mainland tourist visits and rigid industry policies may continue to curtail and negatively impact retail performance. Nevertheless, the Group will closely monitor the performance of its distribution channels and retail network. To maintain the Group's competitive advantage, it will strategically restructure, integrate retail outlets and build a team of experienced and well-trained Chinese medicine practitioners to serve its customers. The Group's ambition is to build one of the largest teams of Chinese medicine practitioners in Hong Kong through WYTH. The Group intends to leverage its brand value to strengthen its partnerships and boost its franchising model to maximise its retail exposure and lower overall operational risk and costs.

With Hong Kong and PRC government's active push for TCM, including preferential policies and cross-border cooperation between Hong Kong and the Greater Bay Area, the market for Chinese pharmaceutical medication and supplements manufactured in Hong Kong is set to expand rapidly in the next decade. Further, the Group's Western pharmaceutical business is expected to achieve favourable growth driven by the sale of cough syrup to private clinics in Hong Kong and the PRC.

In summary, the overall strong financial position of the Group and the expected continued growth through its diversified business enable the Group to have a high degree of flexibility and agility for its treasury management. We will continue a proactive and prudent investment approach to drive business growth on all business segments.

CORPORATE SOCIAL RESPONSIBILITY

While the Group endeavours to promote business development and strive for greater rewards for our stakeholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. During the past years, the Group made charity donations to organisations, including various non-government and non-profit making organisations. The Group will continue to devote further resources and effort towards achieving the goal of a socially responsible business.

ENVIRONMENTAL MATTERS

The Group had taken measures to promote environmental-friendliness of the workplace by encouraging paper-recycling culture and energy-saving culture within the Group. The Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including "The Met. Acappella" by engaging a third-party consultant for the provision of services in respect of BEAM Plus Certification and other environmental assessments. The Group also outsourced all of the construction-related work for our property development projects to independent construction companies which are subject to various environmental laws and regulations.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group recognised enhancing and maintaining good relationships with suppliers and customers are essential for the Group's overall growth and development. The Group placed specific caution on selection of quality suppliers and customers and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. The Group has kept good communications and shared business updates with them when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company repurchased a total of 470 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 year are as follows:

Month of repurchases	Number of share repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate amount
		HK$	*HK$*	*HK$*
	(in million)			*(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 repurchases of the Company's shares by the Directors during the year were made pursuant to the mandate granted by the Shareholders at the 2018 annual general meeting of the Company held on 29 August 2018, with a view to benefiting the Shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. As at 31 March 2020 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 purchased, sold or redeemed any of the Company's listed securities during the year under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company 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.

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company had applied the principals and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2020, except for the following deviation:

Code provision A.5.1 of the CG Code provides that the nomination committee should comprise a majority of independent non-executive directors. During the year under review, the nomination committee of the Company (the "**Nomination Committee**") did not have majority of independent non-executive Directors (the "**INED**") which deviated from the requirement of code provision A.5.1 of the CG Code. The Company did not have immediate intention to make any change to the composition of the Nomination Committee for all members of the Nomination Committee have extensive experience in different aspects in the industry of the Group to identify and nominate right candidate to the right position to lead to the success of the Group.

Immediately after the decease of Dr. Lee Peng Fei, Allen, the late INED, on 15 May 2020, who was the chairman of the Nomination Committee and a member of the audit committee (the "**Audit Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company, the Audit Committee had only two members and the Remuneration Committee and the Nomination Committee did not comprise majority of INEDs. The Company will make its best endeavours to appoint an INED to fill the stead of Dr. Lee so as to maintain: (i) at least three INEDs pursuant to Rule 3.10(1) of the Listing Rules; (ii) a minimum of three members in the Audit Committee pursuant to Rule 3.21 of the Listing Rules; (iii) a majority of INEDs in the Remuneration Committee pursuant to Rule 3.25 of the Listing Rules; and/or (iv) a majority of INEDs in the Nomination Committee pursuant to code provision A.5.1 of the CG Code as soon as practicable.

Further details of the Company's corporate governance practices will be set out in the corporate governance report to be contained in the Company's 2020 Annual Report.

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 than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as 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 financial year under review and up to the date hereof and no incident of non-compliance by the Directors was noted by the Company during the year.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference (as amended from time to time) in accordance with the requirements of the Listing Rules. During the year, the Audit Committee met twice with the management and the external auditor. The Audit Committee review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters including the interim and final results, the statutory compliance, internal controls and risk management and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

Immediately after the decease of Dr. Lee Peng Fei, Allen, the late INED, on 15 May 2020, the Audit Committee comprises two INEDs, namely Mr. Siu Kam Chau and Mr. Wong Chun, Justein, and Mr. Siu Kam Chau was elected as the chairman of the Audit Committee.

The Audit Committee has reviewed with the Company's management and approved the accounting policies and principles adopted and the Group's consolidated financial statements for the year ended 31 March 2020.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Company's independent auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) *for determining eligibility to attend and vote at the 2020 annual general meeting (the "**2020 AGM**"):*

Latest time to lodge transfer documents for registration:	4:30 p.m., Monday, 17 August 2020
Closure of register of members:	Tuesday, 18 August 2020 to Monday, 24 August 2020 (both days inclusive)
Record Date:	Monday, 24 August 2020

(b) for determining entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration:	4:30 p.m., Friday, 28 August 2020
Closure of register of members:	Monday, 31 August 2020 to Wednesday, 2 September 2020 (both days inclusive)
Record Date:	Wednesday, 2 September 2020

In order to be eligible to attend and vote at the 2020 AGM and to qualify for the proposed final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the 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 not later than the respective latest dates and time set out above.

ANNUAL GENERAL MEETING

The 2020 AGM of the Shareholders will be held at Garden Room A-D, 2/F., New World Millennium Hong Kong Hotel of 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, on Monday, 24 August 2020 at 11:00 a.m. and the notice convening such meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.wangon.com). The 2020 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders 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, 30 June 2020

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

* *For identification purpose only*