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 2022

ANNUAL FINANCIAL HIGHLIGHTS

	FY2022	FY2021 (Restated)	**YoY change**
Revenue *(HK$'million)*	**1,856**	1,918	-3.2%
Gross profit *(HK$'million)*	**806**	769	+4.8%
Net profit/(loss) attributable to owners of the parent *(HK$'million)*	**(305)**	124	-346.0%
Earnings/(loss) per share *(HK cents)*			
Basic and diluted	**(2.06)**	0.77	-367.5%
	As at 31 March 2022	As at 31 March 2021	
Net asset value *(HK$'million)*	**9,600**	9,969	-3.7%
Net asset value per share *(HK$)*	**0.60**	0.60	—
Gearing ratio	**55.9%**	54.6%	+1.3%
Total cash and bank balances *(HK$'million)*	**1,490**	1,730	-13.9%

* *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 2022, together with the comparative figures which have been restated to reflect the change of segment composition for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
REVENUE			
Revenue from contracts with customers	4	**1,267,302**	1,335,095
Interest income from treasury operation	4	**143,788**	175,234
Revenue from other sources	4	**444,951**	407,964
Total revenue		**1,856,041**	1,918,293
Cost of sales		**(1,050,309)**	(1,149,740)
Gross profit		**805,732**	768,553
Other income and gains, net	4	**181,881**	161,921
Selling and distribution expenses		**(274,594)**	(234,372)
Administrative expenses		**(497,028)**	(466,344)
Impairment losses on financial assets, net	5	**(256,932)**	(25,919)
Other expenses		**(195,953)**	(44,182)
Finance costs	6	**(207,605)**	(249,532)
Fair value losses on financial instruments at fair value through profit or loss, net		**(93,606)**	(32,595)
Fair value losses on owned investment properties, net		**(83,456)**	(95,391)
Write-down of properties held of sale		**—**	(139,829)
Share of profits and losses of:			
Joint ventures		**425,136**	594,798
Associates		**2,126**	4,654
PROFIT/(LOSS) BEFORE TAX	5	**(194,299)**	241,762
Income tax expense	7	**(58,464)**	(139,964)
PROFIT/(LOSS) FOR THE YEAR		**(252,763)**	101,798

	2022	2021
	HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(470,593)**	54,577
Reclassification adjustments for losses/(gains) included in profit or loss:		
— impairment losses/ (reversal of impairment losses), net	**215,230**	(6,972)
— losses/(gains) on disposal/redemption, net	**181,647**	(365)
	396,877	(7,337)
Exchange differences on translation of foreign operations	**132,682**	286,739
Other reserves:		
Share of other comprehensive income of joint ventures	**4,571**	9,337
Share of other comprehensive income of associates	**—**	9,978
Release of other reserve upon disposal of an associate	**—**	19,378
	4,571	38,693
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**63,537**	372,672
Other comprehensive income/(loss) 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	**(28,189)**	102,003
Share of other comprehensive loss of an associate	**—**	(869)
Fair value adjustment upon transfer from owner-occupied property to investment property, net of tax	**(1,575)**	58,683
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(29,764)**	159,817
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**33,773**	532,489
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(218,990)**	634,287

	Note	2022 HK$'000	2021 HK$'000
Profit/(loss) attributable to:			
Owners of the parent		**(305,226)**	123,884
Non-controlling interests		**52,463**	(22,086)
		(252,763)	101,798
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(337,082)**	411,512
Non-controlling interests		**118,092**	222,775
		(218,990)	634,287
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**HK(2.06) cents**	HK0.77 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,288,288**	1,313,246
Investment properties		**4,227,712**	4,588,305
Club membership		**15,000**	—
Properties under development		**1,752,244**	1,594,960
Interests in joint ventures		**2,797,739**	2,324,842
Interests in associates		**22,761**	2,832
Financial assets at fair value through other comprehensive income		**295,274**	444,298
Financial assets at fair value through profit or loss		**171,842**	119,115
Loans and interest receivables	*11*	**90,532**	31,553
Prepayments, other receivables and other assets		**182,468**	319,648
Deferred tax assets		**15,576**	9,337
Total non-current assets		**10,859,436**	10,748,136
CURRENT ASSETS			
Properties under development		**3,376,279**	3,394,705
Properties held for sale		**1,977,986**	2,351,266
Inventories		**188,179**	162,670
Trade receivables	*10*	**104,927**	71,208
Loans and interest receivables	*11*	**385,160**	571,362
Prepayments, other receivables and other assets		**605,208**	510,678
Cost of obtaining contracts		**35,597**	68,022
Financial assets at fair value through other comprehensive income		**160,022**	398,892
Financial assets at fair value through profit or loss		**312,885**	342,714
Tax recoverable		**14,728**	41,060
Pledged deposits		**31,250**	—
Restricted bank balances		**7,311**	22,302
Cash and cash equivalents		**1,451,365**	1,707,994
		8,650,897	9,642,873
Assets classified as held for sale and assets of a disposal company		**546,114**	54,900
Total current assets		**9,197,011**	9,697,773

	Note	2022 HK$'000	2021 HK$'000
CURRENT LIABILITIES			
Trade payables	*12*	**109,850**	104,883
Other payables and accruals		**1,042,828**	1,077,081
Contract liabilities		**750,710**	598,078
Financial liabilities at fair value through profit or loss		—	5,392
Interest-bearing bank and other borrowings		**3,182,605**	3,269,339
Convertible notes		—	131,901
Tax payable		**143,714**	256,868
		5,229,707	5,443,542
Liabilities of a disposal company		**221,673**	—
Total current liabilities		**5,451,380**	5,443,542
NET CURRENT ASSETS		**3,745,631**	4,254,231
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,605,067**	15,002,367
NON-CURRENT LIABILITIES			
Unsecured notes		**219,497**	199,348
Interest-bearing bank and other borrowings		**3,457,477**	3,571,441
Financial liabilities at fair value through profit or loss		—	13,684
Other payables		**641,082**	540,908
Deferred tax liabilities		**687,217**	708,005
Total non-current liabilities		**5,005,273**	5,033,386
Net assets		**9,599,794**	9,968,981
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**159,775**	166,575
Treasury shares		**(92,605)**	(92,605)
Reserves		**5,924,641**	6,364,087
		5,991,811	6,438,057
Non-controlling interests		**3,607,983**	3,530,924
Total equity		**9,599,794**	9,968,981

NOTES TO FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This financial information has 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. It has been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, and financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. This financial information is presented in Hong Kong dollars ("**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 revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

The nature and the impact of the revised HKFRSs are described below:

1. Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("**HIBOR**"), Hong Kong base rate and the Renminbi base lending rate, respectively, as at 31 March 2022. The Group also had interest rate swaps whereby the Group pays interest at fixed rates and receives interest at variable rates based on HIBOR on the notional amounts. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings and interest rate swaps.

2. Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period.

   The Group has applied the practical expedient during the year ended 31 March 2022 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK$1,960,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2022. There was no impact on the opening balance of equity as at 1 April 2021.

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 and butchery business which also includes management of agricultural produce exchange markets in Mainland China;

(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, investments in debt and other securities which earn interest income and managing assets on behalf of the Group's capital partners via investment vehicles.

The provision of asset management services has been one of the businesses of the Group for years. During the year, the board of directors of the Company has resolved that additional resources would continuously be deployed to the provision of asset management services and accordingly, the provision of asset management services is redesignated by the board of directors as one of the principal businesses of the Group. The results of the provision of asset management services are reviewed and evaluated together with treasury management segment for management reporting purposes. Accordingly, the presentation of segment information for the year ended 31 March 2021 has been restated to reflect this change of segment composition.

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/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group's financial instruments at fair value through profit or loss, gains/losses arising from acquisition/disposal transactions and head office and corporate income and expenses are excluded from such measurement.

	Property development		Property investment		Fresh markets		Pharmaceutical		Treasury management		Elimination		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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*
		(Restated)		(Restated)						(Restated)				(Restated)
Segment revenue *(note 4)*:														
Sales to external customers	**418,564**	534,443	**16,742**	48,697	**676,090**	654,475	**538,940**	474,749	**205,705**	205,929	**–**	–	**1,856,041**	1,918,293
Intersegment sales	**–**	–	**13,083**	12,388	**–**	–	**1,859**	1,206	**–**	–	**(14,942)**	(13,594)	**–**	–
Other income	**19,578**	26,645	**44,226**	26,671	**3,587**	5,770	**–**	–	**876**	149	**–**	–	**68,267**	59,235
Total	**438,142**	561,088	**74,051**	87,756	**679,677**	660,245	**540,799**	475,955	**206,581**	206,078	**(14,942)**	(13,594)	**1,924,308**	1,977,528
Segment results	**198,818**	486,942	**225,854**	(6,526)	**53,833**	24,797	**(34,917)**	(54,567)	**(281,945)**	113,765	**–**	–	**161,643**	564,411
Reconciliation:														
Bank interest income													**4,511**	7,128
Finance costs													**(207,605)**	(249,532)
Fair value losses on financial instruments at fair value through profit or loss, net													**(93,606)**	(32,595)
Gain on disposal of subsidiaries, net													**36,404**	30,688
Gain on disposal of an associate													**–**	16,863
Corporate and unallocated income and expenses													**(95,646)**	(95,201)
Profit/(loss) before tax													**(194,299)**	241,762
Income tax expense													**(58,464)**	(139,964)
Profit/(loss) for the year													**(252,763)**	101,798

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Revenue from contracts with customers		
Sale of properties	**418,564**	534,443
Sale of goods	**621,663**	594,279
Commission income from agricultural produce exchange markets	**94,909**	83,276
Agricultural produce exchange markets ancillary services	**101,389**	98,389
Asset management fee	**30,777**	24,708
	1,267,302	1,335,095
Interest income		
Interest income from treasury operation	**143,788**	175,234
Revenue from other sources		
Sub-licensing fee income	**192,891**	189,277
Gross rental income from investment property operating leases	**220,920**	212,700
Dividend income from financial assets	**39,737**	4,031
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**(8,597)**	1,956
	444,951	407,964
	1,856,041	1,918,293

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

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Other income		
Bank interest income	**4,511**	7,128
Property management fee income	**1,855**	2,674
Forfeiture of deposits from customers	**2,027**	5,245
Government subsidies*	**2,166**	26,673
Compensation from a litigation judgement	**48,572**	—
Rental income from other properties	**55,170**	36,457
Others	**23,007**	22,091
	137,308	100,268
Gains, net		
Gain on modification/termination of lease contracts	—	13,737
Gain on disposal of subsidiaries, net	**36,404**	30,688
Gain on disposal of an associate	—	16,863
Gain on disposal of investment properties, net	**8,169**	—
Gain on disposal/redemption of debt investments at fair value through other comprehensive income, net	—	365
	44,573	61,653
Other income and gains, net	**181,881**	161,921

* For the year ended 31 March 2022, government subsidies represented The People's Republic of China (the "**PRC**") government subsidies of HK$2,166,000 granted to the Group by the local governmental authority in Mainland China for the business support on its investments in an agricultural produce exchange market in Mainland China ("**Agricultural Produce Subsidies**").

For year ended 31 March 2021, government subsidies represented: (i) Agricultural Produce Subsidies of HK$23,433,000; (ii) one-off subsidies of HK$3,080,000 granted by Anti-Epidemic Fund under The Government of the Hong Kong Special Administrative Region's Retail Sector Subsidy Scheme and Food Licence Holders Subsidy Scheme; and (iii) one-off subsidies of HK$160,000 granted by The Government of Macao Special Administrative Region's 10-Billion-Pataca Fund.

The Group has complied with all attached conditions before 31 March 2022 and 2021 and recognised these grants in profit or loss as "Other income and gains, net" in the respective accounting periods.

5. PROFIT/(LOSS) BEFORE TAX

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

	Note	**2022** **HK$'000**	2021 HK$'000 (Restated)
Cost of services provided		**215,797**	168,413
Cost of properties sold		**352,932**	370,793
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$4,970,000 (2021: HK$4,747,000))		**379,530**	401,422
Depreciation of owned assets		**94,092**	91,185
Depreciation of right-of-use assets		**67,096**	52,877
Auditor's remuneration		**11,740**	11,640
Research and development costs		**1,302**	4,972
Lease payments not included in the measurement of lease liabilities		**12,673**	13,044
COVID-19-related rent concession from lessors		**(1,960)**	(6,888)
Employee benefit expense (including directors' remuneration):			
Wages and salaries****		**344,122**	338,850
Equity-settled share option expense		**1,139**	—
Pension scheme contributions*****		**12,438**	9,740
Less: Amount capitalised		**(5,827)**	(6,839)
		351,872	341,751
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties***		**679**	2,703
Fair value losses on sub-leased investment properties***		**101,371**	206,409
Gain on disposal of an associate**	*(a)*	**—**	(16,863)
Gain on disposal of subsidiaries, net**		**(36,404)**	(30,688)
Loss on redemption of convertible notes*		**—**	3,933
Loss/(gain) on disposal of investment properties, net		**(8,169)****	208*
Loss on disposal of property, plant and equipment*		**6,356**	300
Impairment/(reversal of impairment) losses on items of property, plant and equipment*		**(6,395)**	39,741
Loss/(gain) on disposal/redemption of debt investments at fair value through other comprehensive income, net		**181,647***	(365)**
Foreign exchange differences, net**		**(7,043)**	(313)
Loss/(gain) on modification/termination of lease contracts		**14,345***	(13,737)**
Impairment losses/(reversal of impairment losses) of financial assets, net:			
Debt investments at fair value through other comprehensive income, net		**215,230**	(6,972)
Other receivables, net		**31**	(646)
Trade receivables, net		**7,382**	(431)
Loans and interest receivables, net		**34,289**	33,968
		256,932	25,919

Note:

(a) On 4 May 2020, Caister Limited ("**Caister**"), which is wholly and beneficially owned by Mr. Tang Ching Ho ("**Mr. Tang**"), requested the board of Easy One Financial Group Limited ("**Easy One**", the then associate of the Group) to put forward a proposal of privatisation of Easy One at the cancellation consideration, comprising the cash consideration of HK$0.3 per share of Easy One and the consideration shares on the basis of eight (8) ordinary shares of the Company held by Caister, for each share of Easy One (the "**Proposal**").

The Proposal was approved by the shareholders of Easy One at the court meeting held on 8 September 2020 and was sanctioned by the Bermuda Court on 17 September 2020. The excess of the fair value of the cancellation consideration over the carrying value of Easy One of HK$16,863,000 was recognised as gain on disposal of investment in an associate included in "Other income and gains, net" in the consolidated statement of profit or loss and other comprehensive income.

* 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.

**** Wage subsidies of HK$37,838,000 granted by the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 had been received during the year ended 31 March 2021. The amounts were recognised in profit or loss and had been offset with the employee benefit expenses.

***** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**195,610**	184,178
Interest on lease liabilities	**42,575**	62,182
Interest on unsecured notes	**23,049**	21,529
Interest on convertible notes	**8,436**	26,261
	269,670	294,150
Less: Interest capitalised	**(62,065)**	(44,618)
	207,605	249,532

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates. The provision for PRC land appreciation tax ("**LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2022	2021
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**4,067**	16,669
Current — other jurisdiction		
Income tax charge for the year	**96,235**	126,902
LAT	**28,863**	8,819
Over-provision in prior years	**(15,769)**	(5,910)
	113,396	146,480
Deferred	**(54,932)**	(6,516)
Total tax charge for the year	**58,464**	139,964

8. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Interim — HK0.1 cent (2021: Interim — HK0.1 cent) per ordinary share	**16,658**	16,658
Less: interim dividend related to treasury shares attributable to the owners of the parent	**(1,129)**	(997)
Less: interim dividend related to treasury shares attributable to the non-controlling shareholders	**(587)**	(720)
	14,942	14,941
2021 final — HK0.2 cent (2021: 2020 final — HK0.5 cent) per ordinary share	**33,315**	86,987
Less: final dividend related to treasury shares attributable to the owners of the parent	**(2,259)**	(1,230)
Less: final dividend related to treasury shares attributable to the non-controlling shareholders	**(1,175)**	(887)
	29,881	84,870
	44,823	99,811

Subsequent to the end of the reporting period, the board of directors of the Company does not recommended the payment of a final dividend (2021: recommended a final dividend of HK0.2 cent per share, totalling approximately HK$33,315,000) for the year ended 31 March 2022 to the shareholders of the Company.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) 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.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2022 in respect of a dilution as the impact of the share options issued by China Agri-Products Exchange Limited ("**CAP**"), a subsidiary of the Group, and the convertible notes issued by CAP outstanding either had no dilutive effect or an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 March 2021 in respect of a dilution as the impact of the share options of Wai Yuen Tong Medicine Holdings Limited and the convertible notes issued by CAP outstanding either had no dilutive effect or an anti-dilutive effect on the basic earnings per share amount presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2022	2021
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations	**(305,266)**	123,884

	Number of shares	
	2022	2021
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**16,564,945**	17,164,808
Less: Weighted average number of treasury shares	**(1,716,749)**	(1,014,935)
Weighted average number of ordinary shares used in the basic and diluted earnings/(loss) per share calculation	**14,848,196**	16,149,873

10. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**125,717**	92,070
Impairment	**(20,790)**	(20,862)
	104,927	71,208

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 joint ventures of HK$10,086,000 (2021: Nil), with credit periods range from 10 to 90 days.

Included in the Group's trade receivables are amounts due from the Group's associates of HK$6,828,000 (2021: HK$8,181,000) 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:

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**75,459**	41,770
1 to 3 months	**9,433**	9,596
3 to 6 months	**8,267**	10,167
Over 6 months	**11,768**	9,675
	104,927	71,208

11. LOANS AND INTEREST RECEIVABLES

		2022	2021
	Notes	***HK$'000***	*HK$'000*
Loans and interest receivables, secured	*(i), (iii)*	**495,203**	586,400
Loans and interest receivables, unsecured	*(ii)*	**77,298**	80,809
		572,501	667,209
Less: Impairment allowance		**(96,809)**	(64,294)
		475,692	602,915
Less: Loans and interest receivables classified as non-current assets		**(90,532)**	(31,553)
Current portion		**385,160**	571,362

Notes:

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 5% to 36% (2021: 8% to 36%). The credit terms of these loans receivable range from 3 months to 10 years (2021: 3 months to 10 years).

(ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 1% to 36% (2021: 1% to 15%). The credit terms of these loans receivable range from 6 months to 72 months (2021: 6 months to 72 months).

(iii) At 31 March 2022, the Group's loans receivable with an aggregate carrying value of HK$141,460,000 (2021: HK$103,700,000) were pledged to secure the Group's other borrowings.

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:

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**45,832**	47,813
1 to 3 months	**9,752**	9,039
3 to 6 months	**9,328**	9,073
Over 6 months	**44,938**	38,958
	109,850	104,883

The trade payables are non-interest-bearing and have an average term of 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

13. COMPARATIVE AMOUNTS

As further explained in note 3 to these financial information, due to the changes in the designation of principal businesses and segment composition, certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2022, the Group's revenue and loss attributable to owners of the parent amounted to approximately HK$1,856.0 million (2021: approximately HK$1,918.3 million (restated)) and loss of approximately HK$305.2 million (2021: profit of approximately HK$123.9 million), respectively.

DIVIDENDS

The Board does not recommend the payment of a final dividend (2021: recommend a final dividend of HK0.2 cent per share) for the year ended 31 March 2022 to the shareholders (the "**Shareholders**"). Together with the interim dividend of HK0.1 cent (30 September 2020: HK0.1 cent) per ordinary share, the total dividends for the year ended 31 March 2022 will be HK0.1 cent (2021: HK0.3 cent) per ordinary share.

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2022 decreased by approximately 3.2% to approximately HK$1,856.0 million (2021: approximately HK$1,918.3 million (restated)). The revenue remained stable as compared to last financial year. Loss for the year was approximately HK$252.8 million (2021: profit for the year of approximately HK$101.8 million), representing a turnaround from profit to loss over last year, mainly due to, among other things, (i) an increase in realised losses on disposal of debts instruments at fair value through other comprehensive income, and an increase in impairment losses of debts instruments at fair value through other comprehensive income, (ii) a decrease in share of profit from joint ventures of the property development sector, (iii) the absence of subsidies for the year ended 31 March 2022 from the Employment Support Scheme under Anti-Epidemic Fund established by the Hong Kong government, as partly offset by the absence of the write-down of properties held for sale when compared to the Group's consolidated financial statements for the year ended 31 March 2021. The loss attributable to owners of the parent was approximately HK$305.2 million (2021: profit of approximately HK$123.9 million). The Group continues to maintain a strong financial position. As of 31 March 2022, the Group's net assets were approximately HK$9,599.8 million (2021: approximately HK$9,969.0 million). Its cash resources amounted to approximately HK$1,962.8 million (2021: approximately HK$2,471.9 million) including cash and bank balances of approximately HK$1,489.9 million (2021: approximately HK$1,730.3 million) and short-term investments of approximately HK$472.9 million (2021: approximately HK$741.6 million).

In aggregate, the total borrowings as of 31 March 2022 was approximately HK$6,859.6 million (2021: approximately HK$7,172.0 million) giving the Group a net debt position (total borrowings less cash and bank balances) of approximately HK$5,369.7 million (2021: approximately HK$5,441.7 million). The review of the individual business segments of the Group is set out below.

Property Development

The property development segment consists of the Hong Kong residential and commercial property market sales from Wang On Properties Limited ("**WOP**", a non-wholly owned listed subsidiary of the Company and the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code: 1243, together with its subsidiaries, collectively the "**WOP Group**"); and the property sales in the People's Republic of China (the "**PRC**"), following the acquisition in February 2020 of a controlling interest in China Agri-Products Exchange Limited ("**CAP**", a non-wholly owned listed subsidiary of the Company and the shares of which are listed on the Stock Exchange with stock code: 149, together with its subsidiaries, collectively, the "**CAP Group**") (the "**CAP Acquisition**") by Wai Yuen Tong Medicine Holdings Limited ("**WYT**", a non-wholly owned listed subsidiary of the Company and the shares of which are listed on the Stock Exchange with stock code: 897, together with its subsidiaries, collectively, the "**WYT Group**").

During the year ended 31 March 2022, property development segment recorded revenue and segment profit of approximately HK$418.6 million and approximately HK$198.8 million, respectively (2021: approximately HK$534.4 million and approximately HK$486.9 million (restated), respectively). No revenue in this segment was contributed by the WOP Group during the year ended 31 March 2022 because there is no delivery of property development projects in which the Group has a controlling stake during the year. Instead, revenue and profit from property sales for the WOP Group in this financial year were generated only from two jointly developed property projects, namely maya and Altissimo, and the share of sales recognition of the remaining units of these two projects during the financial year amounted to HK$858.7 million (2021: HK$3,343.8 million). During the year ended 31 March 2022, the Group's property development business in the PRC (through the CAP Group) recorded revenue of approximately HK$418.6 million (2021: HK$233.1 million). The increase in revenue contributed from the CAP Group is mainly due to the delivery of more properties during the year.

maya

"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. ("**CIFI**"). The WOP Group holds a 50% stake in the project and is responsible for project management. 323 out of 326 units have been sold with an aggregated contracted sales amounted to approximately HK$4.2 billion as at the date of this announcement.

Altissimo

The residential project, Altissimo, located at No. 11 Yiu Sha Road, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers since the fourth quarter of 2020. 528 out of 547 units have been sold with an aggregated contracted sales amounted to approximately HK$6.2 billion as at the date of this announcement. The WOP Group owns 40% equity interest in this property development project.

Pokfulam Project

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

The Met. Azure (Tsing Yi residential project)

The WOP Group's new residential property in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) namely, The Met. Azure, was launched in August 2021. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. 280 out of 320 units released have been sold with contracted sales of approximately HK$1.4 billion. The units are expected to be delivered in the second half of 2022.

Ap Lei Chau Project I

In July 2020, the WOP Group has successfully acquired a new redevelopment site located at Nos. 120-126, Main Street, Ap Lei Chau. The site is adjacent to Lei Tung MTR Station. The total attributable gross floor area ("**GFA**") upon redevelopment is approximately 37,100 square feet. Foundation work is currently undergoing at the site. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Ap Lei Chau Project II

In June 2021, the WOP Group has successfully completed the acquisition of the full ownership of a site located at Nos. 34 and 36 Main Street, Ap Lei Chau, and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong. The site area and gross floor area is approximately 4,100 square feet and 38,500 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Wong Tai Sin Project I

In September 2021, the WOP Group successfully completed the acquisition of a site located at Nos. 26-48 Ming Fung Street, Wong Tai Sin through compulsory sales. The site area and gross floor area are approximately 9,600 square feet and 81,000 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Wong Tai Sin Project II

In February 2022, the WOP Group has acquired full ownership of the site located at Nos. 31-41, Fei Fung Street, Wong Tai Sin, Kowloon through compulsory sales. It will be redeveloped with the adjacent site, No. 45 Fei Fung Street and 110 Shatin Pass Road, as one of "The Met." series. The total site area and gross floor area are approximately 10,400 square feet and 93,700 square feet, respectively. The demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Fortress Hill Project

In October 2020, the WOP Group and CIFI formed a new joint venture, in which CIFI and the WOP Group owned 60% and 40% equity interest, respectively. The joint venture has acquired 101 and 111 King's Road, Fortress Hill, Hong Kong for a total sum of HK$1.88 billion. The total site area is approximately 12,400 square feet and the sites are situated between North Point commercial area and Victoria Park in Causeway Bay. The sites are positioned at a convenient location within only a few minutes' walk to the Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. This project is in demolition stage.

Tai Kok Tsui Project

In January 2021, the WOP Group has successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui through compulsory sales. The gross floor area is approximately 61,500 square feet and the site is currently under foundation work. This project will be redeveloped as part of "The Met." series. The pre-sales are expected to be commenced in the third quarter of 2022.

Ngau Tau Kok Project

In February 2022, the WOP Group has also completed the acquisition of the site located at Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon, Hong Kong, with a total gross floor area of approximately 46,000 square feet. This project will be redeveloped as part of "The Met." series. The demolition work will commence in the third quarter of 2022. The project was transferred to a joint venture subsequent to the end of this financial year. Please refer to the section under this announcement headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Formation of joint venture and disposal of interest of certain projects to the joint venture

In November 2021, the WOP Group entered into a subscription and shareholders' agreement (the "**Transaction**") with the Stichting Depositary APG Strategic Real Estate Pool ("**APG Partner**"). After the subscription of share, a new joint venture company (the "**APG JV**") is formed to engage in acquisition of residential properties in Hong Kong for development and redevelopment for sales. The WOP Group has subscribed for a 50% equity interest in the APG JV with a maximum total capital commitment of HK$2,334 million. The APG JV is accounted for as a 50% jointly-controlled entity of the WOP Group and its financial results are equity accounted for in the Group's consolidated financial statements. The WOP Group considers the cooperation with the APG Partner presents a good opportunity to leverage on the WOP Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand the business. Four wholly-owned projects of the WOP Group, namely (i) Nos.120-126, Main Street, Ap Lei Chau, (ii) Nos. 34 and 36 Main Street, Ap Lei Chau, and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, (iii) Nos. 26-48 Ming Fung Street, Wong Tai Sin, and (iv) Nos. 31-41 and 45, Fei Fung Street, Wong Tai Sin, and 110 Shatin Pass Road, Wong Tai Sin, were sold to the APG JV before the end of this financial year. Such disposals constituted a very substantial disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and they were approved by shareholders of the Company in December 2021. Further details of such disposals were set out in the Company and WOP's joint announcement and the circular of the Company dated 8 November 2021 and 8 December 2021, respectively.

In February 2022, City Arise Limited ("**City Arise**"), a wholly-owned subsidiary of the WOP Group, entered into a sales and purchase agreement (the "**Sales and Purchase Agreement**") with the APG JV to sell the entire issued share capital and shareholder's loan of True Promise Limited ("**True Promise**") at a consideration of approximately HK$490.7 million. True Promise is a wholly-owned subsidiary of the WOP Group and the sole owner of the site located at Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon. On 11 April 2022, City Arise entered into a supplemental agreement with the APG JV and Delight Venture Limited ("**Delight Venture**"), a wholly-owned subsidiary of the APG JV to amend and supplement the Sale and Purchase Agreement, pursuant to which the APG JV agreed to novate and Delight Venture agreed to assume all rights and obligations of the APG JV in and under the Sale and Purchase Agreement. Please refer to the Company and WOP's joint announcement dated 18 February 2022 and the circular of the Company dated 20 April 2022 for details. This transaction was completed on 11 May 2022.

Other projects

The WOP Group is currently in possession of several urban redevelopment projects with over 80% ownerships secured. Applications to the court are being made in respect of all these projects for compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the WOP Group may not be able to complete the consolidation of the ownership for redevelopment. Redevelopment can only be implemented upon acquisition of the full ownership of the relevant projects. The total attributable GFA upon redevelopment is approximately 334,000 square feet.

All the development projects are financed by both external banking facilities and internal resources, As at 28 June 2022, the WOP Group had a development land portfolio in Hong Kong (which is being held through the WOP Group) as follows:

Project	**Approximate site area** *(square feet)*	**Approximate gross floor area** *(square feet)*	**Intended usage**	**Anticipated year of Completion**
Pokfulam Project	28,500	28,500	Residential	2023
The Met. Azure (Tsing Yi residential project)	14,400	90,000	Residential and Commercial	2022
Ap Lei Chau Project I	3,600	37,100	Residential and Commercial	2024
Ap Lei Chau Project II	4,100	38,500	Residential and Commercial	2025
Tai Kok Tsui Project	6,800	61,500	Residential and Commercial	2024
Wong Tai Sin Project I	9,600	81,000	Residential and Commercial	2025
Wong Tai Sin Project II	10,400	93,700	Residential and Commercial	2025
Ngau Tau Kok Project	5,200	46,000	Residential and Commercial	2025
Fortress Hill Project	12,400	129,400	Residential and Commercial	2026

Fresh Markets and Agricultural Produce Exchange Markets

The fresh market and agricultural produce exchange market business segment recorded an increase in revenue by approximately 3.3% to approximately HK$676.1 million for the year ended 31 March 2022 (2021: approximately HK$654.5 million), of which annual revenue of approximately HK$417.3 million was contributed from the operation of agricultural produce exchange markets contributed by the CAP Group in the PRC; approximately HK$192.9 million was contributed from the fresh market operations in Hong Kong and revenue streams brought by butchery, vegetable and other retails in Hong Kong of approximately HK$65.9 million. The increase in revenue was mainly attributable to the appreciation of Renminbi ("**RMB**") against Hong Kong dollar during the year ended 31 March 2022 and the CAP's produce exchange markets (in particular the Wuhan Baisazhou Agricultural and By-Product Exchange Market (the "**Wuhan Baisazhou Market**")) have been restored and rebounded from the effect of COVID-19 pandemic situation during the year ended 31 March 2022. Moreover, there was expiry of leases in respect of certain Hong Kong fresh markets, namely King Lam, Lei Tung and Lei On, during this financial year have partly offset the increase in revenue. Segment result recorded a profit of approximately HK$53.8 million (2021: approximately HK$24.8 million) for the year ended 31 March 2022.

The Group's fresh market and agricultural produce exchange market business has been built over the past two decades. During the financial year, the Group managed a substantial portfolio of approximately 600 stalls under the "Allmart" brand and "Day Day Fresh" brands of fresh markets in Hong Kong with a GFA of over 150,000 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. The Group will continue to strengthen the partnership with its tenants and local communities by launching effective marketing and promotion events, and thereby improving shopping experiences at its fresh markets. The Group continued to locate high population density areas to set up fresh markets and mini fresh markets.

In February 2021, Wang On Majorluck Limited (the "**Operator**"), an indirect wholly-owned subsidiary of the Company, received a letter from the Hong Kong Housing Authority indicating its agreement to lease a tender of proposal in respect of a fresh market located at G/F, Choi Fook Estate Phase 3, Kowloon, Hong Kong with an area under the lease of approximately 1,133 square metres to the Operator. The fresh market commenced its operation in September 2021.

In April 2022, the Group was informed by the Link Properties Limited, the landlord of the fresh market located at the first floor of the Choi Ming Shopping Centre, Choi Ming Court, 1 Choi Ming Street, Tseung Kwan O, Sai Kung, New Territories, Hong Kong, their agreement to renewal the market for a term of three (3) years commencing and including 8 December 2021. Please refer to the Company's announcement dated 14 April 2022 for details.

In May 2022, the Operator received a letter from the Hong Kong Housing Authority indicating that the Hong Kong Housing Authority agrees to lease a tender of proposal in respect of a fresh market located at B1/F, Kai Chuen Shopping Centre, Kai Chuen Court, Wong Tai Sin, Hong Kong with an area under lease of approximately 1,282 square metres to the Operator. The fresh market will commence its operation in the second half of 2022. Please refer to the Company's announcement dated 24 May 2022 for details.

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

In May 2019 and July 2019, joint ventures with Kohlberg Kravis Roberts & Co. L.P. ("**KKR**") participated by the WOP Group have successfully acquired a retail podium located at Lake Silver in Ma On Shan and a commercial accommodation at The Parkside in Tseung Kwan O respectively. The WOP Group has 50% equity interest in each project. The Group has refurbished part of these properties as fresh markets and taken up the management of the properties under the brand "Day Day Fresh". The fresh markets have been operating since May 2020 and January 2020 respectively. The Group is confident that its expertise in property investment and fresh market operation shall deliver strong synergy to create unique business value to fuel further growth in this segment.

The Group's butchery business continued to have a strong cash flow and steady operating profit. For the year ended 31 March 2022, the butchery business generated revenue of approximately HK$58.4 million (2021: approximately HK$77.3 million). The reduction in revenue was mainly due to the easing of the COVID-19 pandemic situation and more dining-out activities during the financial year which reduced domestic consumption of meat. The Group believes that the demand for pork in local diets, combined with the Group's well established fresh market network, can allow for rapid growth and a relatively low-risk development for this business. The Group's target is to continuously expand its butchery business and optimising the operation platform of fresh market and butchery business so as to maximise synergies. As at 31 May 2022, 15 butchery stores were in operation.

During the year, the Group had extended its retail business to fruit and vegetables retailing by partnered up with different operators. The revenue so far is insignificant but the Group considered it is a rapid growing business after the setting up of the platforms.

In mainland China, the Group operates the fresh market business through its joint venture under the "Huimin" brand in various districts in Shenzhen, Guangdong Province. The joint venture currently manages a portfolio of approximately 800 stalls with a GFA of approximately 265,000 square feet, in which approximately 166,000 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. Nevertheless, there will be negotiations between local developers and the fresh markets operators for compensation as well as relocation for continued operations. The Group will continue to closely monitor the latest development, particularly the impact on the land use rights of its fresh market properties.

The Group, through CAP, operates 11 agricultural produce exchange markets across five provinces in the PRC. The acquisition of these agricultural product exchange markets expanded significantly the Group's presence in the fresh market and agricultural produce exchange markets segment in the PRC. The CAP Group operates various agricultural produce exchange markets in Hubei Province, Henan, Guangxi Zhuang Autonomous Region, Jiangsu Province and Liaoning Province of the PRC. During the Year, COVID-19 epidemic rebounded but did not cause significant impacts on the operation of our agricultural produce exchange markets and the markets were able to continue its normal operation. Our markets could reach the strict hygienic requirements imposed by the local authorities.

It is worth noting that Wuhan Baisazhou Market, being one of the agricultural produce exchange operations of the CAP Group, is one of the largest agricultural produce exchange operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City with a site area of approximately 310,000 square metres and is one of the most notable agricultural produce exchange markets in Hubei Province. In 2021, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets in the PRC by China Agricultural Wholesale Market Association.

Property Investment

As at 31 March 2022, the Group owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK$534.2 million (2021: approximately HK$1,057.6 million).

During the financial year, the Group received gross rental income of approximately HK$16.7 million (2021: approximately HK$48.7 million).

In June 2021, the WOP Group and three independent third parties formed a new joint venture group (the "**Parkville JV**"), of which the WOP Group owns 64% of equity interest. The other three partners are independent third parties to the Group and all their ultimate beneficial owners are experienced investors, namely Mr. Chiu Lon Ronald, Mr. Bryan Taft Southergill and Mr. Choi, Raymond Yat-Hong. The Parkville JV acquired 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and the first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (the "**Parkville Property**") for a consideration of HK$300.0 million. The Parkville Property has a total gross floor area of 13,858 square feet and is situated at Tuen Mun Heung Sze Wui Road intersecting Luk Yuen Road. It enjoys excellent traffic access from one of the busiest roads with well-developed neighborhood. The only 3-minute walk from Tuen Mun MTR Station, Tuen Mun Light Rail Station, Tuen Mun commercial centre, transportation hub with cross border coach terminal and the affiliated large scale shopping mall via footbridge further brings vibrancy and creates prosperity around the property. The Parkville JV will further refurbish the Parkville Property to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increase the future rental value, thereby enhancing the future capital appreciation. Details of this transaction are set out in the joint announcements published by the Company and WOP dated 30 March 2021 and 21 June 2021, respectively.

In September 2021, the WOP Group partnered with an independent third party, Jumbo Holding (BVI) L.P. ("**Jumbo Holding**"), to form a joint venture in which the WOP Group owns 50% equity interest upon completion of share subscription by Jumbo Holding (the "**Jumbo JV**"), to acquire eight stories of carpark podium of Jumbo Court, No.3 Welfare Road, Aberdeen, Hong Kong (the "**Jumbo Property**") for a consideration of HK$410.3 million. Jumbo Holding is a limited partnership established in the British Virgin Islands, with its general partner, AGR X Asia Member GP, L.L.C, being managed by Angelo, Gordon & Co, L.P. ("**AG**"), a well-known U.S. licensed investment manager. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is about a few minutes walking distance from the Wong Chuk Hang MTR Station. Given its proximity to major residential developments and the MTR comprehensive development above the Wong Chuk Hang MTR Station which is scheduled to provide approximately 3.9 million square feet of residential gross floor area in 5,200 units and 510,000 square feet of retail space, it is expected that the Jumbo Property could meet the huge demand for parking spaces once the comprehensive development is completed in phases. The Jumbo JV will renovate the Jumbo Property to optimise the rental return and enhance the capital appreciation. Details of this transaction are set out in the joint announcement published by the Company and WOP dated 23 September 2021.

In July 2021, WOP and its wholly-owned subsidiary entered into the provisional agreement in relation to the disposal of (a) the entire issued share capital and (b) the shareholder's loan owing by the holding company of the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong, at the aggregate consideration of HK$515.0 million (subject to adjustment). The transaction was completed in October 2021. Details of the disposal were disclosed in the joint announcement published by the Company and WOP dated 30 July 2021 and the circular of the Company dated 23 September 2021, respectively.

In August 2021, WOP and its wholly-owned subsidiary entered into the sale and purchase agreement in relation to the disposal of (i) the entire issued share capital and (ii) shareholder's loan owing by the holding company of the property located at Shop D on Ground Floor, On Ning Building, Nos. 47, 51, 53 & 55, Ma Tau Kok Road, Kowloon for the consideration of HK$72.0 million, subject to adjustment. The transaction was completed in September 2021. Details of the disposal were disclosed in the announcement published by the Company dated 13 August 2021.

In July 2021, a subsidiary of the WYT Group entered into a provisional sale and purchase agreement with an independent third party to sell the retail shop at Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road at a consideration of HK$28.4 million and the transaction was completed in November 2021.

As at 31 March 2022, the Group still held 9 secondhand residential properties with valuation of approximately HK$52.3 million and the Group will continue to identify opportunities to dispose of these secondhand residential properties.

Pharmaceutical and Health Food Products Business

The WYT Group is a pharmaceutical group focusing on manufacturing and/or retailing of pharmaceutical and health food products. The year under review was a challenging year for the Group's pharmaceutical and health food products segment with revenue totaling approximately HK$538.9 million (2021: approximately HK$474.7 million), representing an increase of approximately 13.5%. The GDP of Hong Kong for 2021 increased by 6.4% over 2020 and Hong Kong had seen its first positive retail growth in early 2021 after 2 years drop since 2019. Yet the economic recovery remained uneven. The improving trend ended in the first quarter of 2022 when Omicron began to spread rapidly during Chinese New Year. Nevertheless, the improving labor market and the launch of consumption voucher scheme ("**CVS**") during the year stimulated the consumption sentiment.

Chinese Pharmaceutical and Health Food Products

Total sales of the Chinese pharmaceutical and health food products increased by approximately 10.8% to approximately HK$497.6 million (2021: approximately HK$449.0 million). The WYT 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. In the existing pandemic situation, Angong Niuhuang Wan is considered as good health supplement and has become more popular in the market.

During the year, the WYT Group adopted a proactive marketing strategy to attract more consumers to utilise their CVS for our products. Corporate branding television advertisement, television program interviews and infotainment have been strategically placed to promote our largest TCM practitioner team in Hong Kong and to build in-depth understanding on our brand. Wai Yuen Tong's business models to drive sales through TCM consultation by our professional practitioners was finally proven effective when satisfactory sales were obtained at the time Omicron hit hard Hong Kong in February and March 2022. Such success was also attributable to the continued efforts in supporting traditional Chinese medical science by the PRC Government, and the continued successful cases in curing COVID-19 patients in Mainland hospitals.

The WYT Group targeted better cost efficiency through further optimisation of its retail sales network and distribution channels. By the end of the financial year, the WYT Group had 69 retail outlets in Hong Kong, including professional Chinese medicine clinics and outlets operate under self-operating and franchise modes. There are 63 retail shops affiliated with Chinese medical service as at 31 March 2022. The WYT Group also had 6 retail outlets in Macao as at 31 March 2022. 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 the Chinese pharmaceutical and health food product markets.

Apart from focusing on the TCM core businesses, enriching product mix on our health supplement offerings is also our primary strategy. The WYT Group has successfully launched supplements for pets named "PROVET" which is Hong Kong's first-ever pet wellness product. The development of PROVET line is greatly welcome by the market as our supplements are manufactured in Hong Kong and made with Chinese herbs for pets and are tailored to their health needs and ages.

Continuous investment has been made in the diversification of sales channels. Apart from setting up its own e-shop via website at www.wyteshop.com (位易購), the WYT Group participated in the sale channel of other Hong Kong e-business website and set-up retail outlets in Hong Kong-China cross border e-shops, so that the Mainland customers could purchase our Hong Kong manufactured products directly through these e-shops.

Western Pharmaceutical and Health Food Products

Revenue of the Western pharmaceutical and health food products increased by approximately 60.7% to approximately HK$41.3 million (2021: approximately HK$25.7 million) and this should be attributable to the solid foundation of the business and the persistent efforts of the management in fending off challenges. The WYT Group has two major product series in this segment, namely "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. "Madame Pearl's" achieved championship for a consecutive of twelve years in the sales of cough syrup in Hong Kong. The Pearl's product series also has established leadership in mosquito repellent product category in Hong Kong.

During the financial year, the WYT Group placed substantial resources in revamping its Western pharmaceutical and health care product distribution channels in order to improve efficiency. In order to comply with Mainland China's relevant regulations, the Group has engaged various local distributors to boost up the channel penetration of the "Madame Pearl's" and "Pearl's" brand into Mainland China. Moreover, in order to fulfill the sales demand, the Group has invested substantial resources to enhance the production capacity of Western pharmaceuticals in the WYT Group's PICS/S GMP accredited manufacturing factory in Yuen Long. Our target is to uplift the current production lines to achieve annual production capacity of 10 million bottles of cough syrup. Moreover, the Group launched a range of hand disinfectant product, Germsout, under the brand "Pearl's". This product line consists of two antiseptic products with different alcohol-based formulations recommended by the World Health Organisation. Efficacy has been research-tested and is 99.9% effective in killing bacteria. The products are manufactured under the Group PICS/S GMP accredited manufacturing factory.

Treasury Management

During the financial year, the performance of the Group's bond investments was adversely affected by the unfavorable environment of the high yield bond market in the PRC. As at 31 March 2022, there was an increase in impairment losses for these unrealised bond investment holdings as compared to 31 March 2021. Moreover, in order to manage risk and maintain a healthy liquidity, the Group has disposed of certain bond investments which resulted in realised losses.

The Group maintains a strong financial position. Liquid investments amounted to approximately HK$940.0 million at 31 March 2022, represented a decrease of approximately 28.0% from the balance of approximately HK$1,305.0 million as at 31 March 2021. The liquid investments represented approximately 31.1% of the debt securities, approximately 22.6% of equity securities, and approximately 46.3% of funds and other investments.

Money Lending Business

As part of the treasury management's business, the Group has provided lending to third party customers. Our secured loans are mainly pledged by first-mortgage residential properties. Other collaterals include commercial properties, industrial properties and etc. All the collaterals are located in Hong Kong. The Group has been very prudent and cautious in assessing potential loan applications, especially amid the ambiguous economic outlook. The Group's credit committee are responsible for assessing and approving loans within predetermined credit limits. The Group has also set up credit control policy to govern the loan review and approval processes, particularly focusing on verification of identity, repayment ability, and the quality of the asset to be pledged. It can ensure the Group maintains a cohesive and coordinated approach to monitor the operation and credit risks resulted from the lending business.

During the year ended 31 March 2022, the Group's lending business contributed revenue of HK$61.9 million (2021: HK$67.6 million), slightly down by 8.4%, mainly due to the drop in loan portfolio. The composition of our loan portfolio includes both individual and corporate customers. As at 31 March 2022, we had 51 (2021: 52) active loan accounts, gross loan balance of which were HK$461.3 million (2021: HK$525.5 million). Secured loans accounted for 82.9% (2021: 88.8%) while unsecured loans accounted for 17.1% (2021: 11.2%). At 31 March 2022, in terms of the loan balance, the top 5 customers of the money lending business accounted for 53.9% (2021: 50.6%) of the portfolio. The tenors of the loans ranged from 3 months to 120 months (2021: 3 months to 120 months). The weighted-average interest rates of secured loans were 12.9% (2021: 14.0%) per annum and that for unsecured loans were 16.2% (2021: 15.3%) per annum. At 31 March 2022, the loan-to-value ratio of the secured loans was 70.3% (2021: 72.9%) per annum which the management considered to be a safe level. Impairment losses during the year was amounted to HK$34.3 million and such losses related primarily to the expected credit loss allowance arising as a result of delayed repayment. The drop in our loan portfolio was a result of the generic drop in demand in the market amid the pandemic, while we were more cautious in accepting potential applications during the risky environment.

Despite the uncertainties in global economy environment, the Group is able to derive steady income from the money lending business. The Group strives to continuously monitor and review our clients' circumstances, aiming to build out a healthy and stable platform within our treasury management segment.

Asset Management

The Group, through WOP, commenced the provision of asset management services since 2019 and kept on deploying resources to strengthen the business.

The WOP Group has formed joint ventures with different strategic partners in both residential developments and commercial investments. By leveraging on its additional resources and networks in Hong Kong market and the WOP Group's expertise in construction management and asset management, the WOP Group also manages the assets on behalf of its capital partners of some of these joint ventures.

As the asset manager of the invested assets, the WOP Group earns asset management fee income, including, asset management fees, acquisition fees, renovation management fee, construction management fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the joint venture partners of the WOP Group having received their targeted capital returns. These asset management fee income provides a stable recurring income to the Group.

Other than managing two commercial accommodation investments, namely Lake Silver and The Parkside, which were co-invested with KKR in 2019, the WOP Group has been engaged as the asset manager of the new joint ventures during the year. Those joint ventures are the Parkville JV and the Jumbo JV. The details of the managed assets can be referred to the section “Fresh Markets and Agricultural Produce Exchange Markets” and the section “Property Investment”.

The WOP Group has also partnered with APG in December 2021 for acquisition of residential properties in Hong Kong for development and redevelopment for sales. As the asset manager, the WOP Group involves in the site evaluation, acquisition, construction management and sales.

During the year under review, the WOP Group recorded asset management fee income amounted to approximately HK$30.8 million (2021: approximately HK$24.7 million). The increase was mainly attributable to the new addition of assets under management.

By utilising the WOP Group’s expertise in asset management, it would seek to secure its asset management income and explore strategic expansion opportunities for additional recurring income.

During the year, the board of directors of the Company has resolved that additional resources would continuously be deployed to the provision of asset management services and accordingly, the provision of asset management services is redesignated by the board of directors as one of the principal businesses of the Group. The results of the provision of asset management services are reviewed and evaluated together with treasury management segment for management reporting purposes. Accordingly, the presentation of segment information for the year ended 31 March 2021 has been restated to reflect this change of segment composition.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the equity attributable to owners of the parent decreased by approximately 6.9% to approximately HK$5,991.8 million (2021: approximately HK$6,438.1 million). The Group's total equity, including the non-controlling interests, decreased to approximately HK$9,599.8 million (2021: approximately HK$9,969.0 million) as at 31 March 2022.

As at 31 March 2022, the Group's total assets were approximately HK$20,056.4 million (2021: approximately HK$20,445.9 million). Total cash and bank balances held amounted to approximately HK$1,489.9 million (2021: approximately HK$1,730.3 million) as at 31 March 2022. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$940.0 million (2021: approximately HK$1,305.0 million) as at 31 March 2022, which is immediately available for use when in need.

As at 31 March 2022, the Group's total debt amounted to approximately HK$6,859.6 million (2021: approximately HK$7,172.0 million). The Group's net debt to equity ratio (or the net gearing ratio) was approximately 55.9% (2021: approximately 54.6%) as at 31 March 2022.

The net debt to equity ratio (or the net gearing ratio) is calculated as the net debt divided by total equity. Net debt is calculated as a total of interest-bearing bank and other borrowings, unsecured notes and convertible notes, less cash and cash equivalents, restricted bank balances and pledged deposits.

As at 31 March 2022, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loan receivable and pledged deposit with carrying value of approximately HK$474.1 million, approximately HK$1,992.0 million, approximately HK$4,829.7 million, approximately HK$1,081.6 million, approximately HK$277.1 million, approximately HK$103.1 million, approximately HK$141.5 million and approximately HK$31.3 million (2021: approximately HK$429.0 million, approximately HK$1,956.7 million, approximately HK$4,892.5 million, approximately HK$1,145.0 million, approximately HK$509.7 million, approximately HK$15.7 million, HK$103.7 million and HK$nil) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2022 amounted to approximately HK$2,412.2 million (2021: approximately HK$829.0 million) which was mainly attributed to its property development business. In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK$43.3 million (2021: approximately HK$145.0 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to HK$450.8 million (2021: nil) and were utilised to the extent of HK$360.9 million as at 31 March 2022 (2021: nil). Save as disclosed herein, the Group had no significant contingent liabilities as at 31 March 2022.

As at 31 March 2022, the Group provided guarantees of approximately HK$45.5 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2021: approximately HK$56.8 million). Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

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 monitoring to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. 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. It also prudently invests in liquid investment in order to obtain a reasonable return while maintain liquidity.

As at 31 March 2022, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2022 *HK$'000*	31 March 2021 *HK$'000*
Bank loans repayable		
Within one year or on demand	**3,044,945**	3,209,249
In the second year	**1,470,439**	1,061,028
In the third to fifth year, inclusive	**1,743,824**	2,090,872
Beyond five years	**36,984**	217,271
	6,296,192	6,578,420
Other loans repayable		
Within one year or on demand	**137,660**	60,090
In the second year	**206,230**	202,270
	343,890	262,360
Unsecured Notes *(i)*		
In the third to fifth year, inclusive	**219,497**	199,348
Convertible Notes *(ii)*		
Within one year or on demand	**—**	131,901
	6,859,579	7,172,029

(i) CAP has issued unsecured notes with maturity in September 2024 (the "**Unsecured Notes**") which are listed on the Stock Exchange by way of debt issue to professional investors only (Stock code: 5755). As at 31 March 2022 and 31 March 2021, the Unsecured Notes in the principal amount of HK$290 million remained outstanding.

(ii) 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 thereof to convert into the ordinary shares of CAP ("**CAP Share(s)**") at a conversion price of HK$0.4 per CAP Share. On 9 December 2020, the CAP partially redeemed the Convertible Notes in the principal amount of HK$130.0 million. On 18 October 2021, CAP fully redeemed the remaining principal amount of HK$134.8 million upon its maturity. As at 31 March 2022, there were no outstanding Convertible Notes. During the financial year, no Convertible Notes were converted into shares of CAP by the holders of the Convertible Notes.

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 from time to time been considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bond 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 2022, the Group held financial assets at fair value through other comprehensive income ("**FVOCI**") and financial assets at fair value through profit or loss ("**FVPL**") of approximately HK$455.3 million and approximately HK$484.7 million, respectively:

		As at 31 March 2022		**Year ended 31 March 2022**			**Fair value/carrying amount**		
		Amount held	**Percentage to the Group's net assets**	**Fair value gain/(loss)**	**Interest income**	**Dividend received**	**As at 31 March 2022**	**As at 31 March 2021**	**Investment cost**
	Notes	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FVOCI:									
A. Equity investment		209,417	2.2%	(28,189)	—	1,995	209,417	74,001	288,522
B. Bonds									
China South City Holdings Limited ("**China South City**")	*1*	132,446	1.4%	(32,048)	4,402	—	132,446	162,289	166,474
Other bonds		113,433	1.2%	(438,545)	71,342	—	113,433	606,900	403,959
Subtotal		455,296	4.8%	(498,782)	75,744	1,995	455,296	843,190	858,955
FVPL:									
A. Equity investment		2,597	—	390	—	3,352	2,597	90,684	4,551
B. Funds									
Blackstone REIT fund	*2*	136,565	1.4%	16,207	—	2,459	136,565	—	120,357
Other funds		284,992	3.0%	(121,565)	—	31,931	284,992	351,717	397,481
C. Bonds		46,373	0.5%	(4,161)	—	—	46,373	15,564	50,534
D. Others		14,200	0.1%	15,523	—	—	14,200	3,864	5,393
Subtotal		484,727	5.0%	(93,606)	—	37,742	484,727	461,829	578,316
Total		940,023	9.8%	(592,388)	75,744	39,737	940,023	1,305,019	1,437,271

The principal activities of the securities are as follows:

1. China South City Holdings Limited ("**China South City**") is a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1668). China South City and its subsidiaries are principally engaged in property development 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.

2. On 19 July 2021, the Group executed the subscription of interests in the Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC, a Cayman Islands segregated portfolio company and CS Blackstone REIT Access Fund SPC, a Cayman Islands segregated portfolio company for subscription amounts of US$11.5 million and US$4.0 million respectively. Blackstone Real Estate Income Trust (the "**BREIT**") is a non-listed, perpetual-life real estate investment trust that was established in 2017. It invests primarily in stabilized, income-generating U.S. commercial real estate. It follows an investment guideline of having at least 80% of its portfolio in real estate investments and up to 20% in real estate debt investments, cash and/or cash equivalents. It is managed by BX REIT Advisors L.L.C., an affiliate of the real estate group of The Blackstone Group Inc., which serves as the sponsor of the BREIT. The Blackstone Group Inc. is an American alternative investment management company based in New York whose shares are listed and traded on the New York Stock Exchange (NYSE: BX). Please refer to the joint announcement dated 19 July 2021 published by the Company and WYT for details.

3. Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange and other major stock exchanges. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 31 March 2022.

4. 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 2022.

Disposal of equity interest in a non-wholly owned subsidiary

On 18 June 2021, Century Choice Limited ("**Century Choice**"), an indirect wholly-owned subsidiary of CAP and a substantial shareholder (the "**PRC Shareholder**") of 玉林宏進農副產品批發市場有限公司 (Yulin Hongjin Agricultural By-products Wholesale Marketplace Limited ("**Yulin Hongjin**")) entered into an agreement in relation to the reduction of registered capital contribution of Century Choice in Yulin Hongjin. Pursuant to the agreement, the PRC Shareholder waived its entitlement to the 35% of dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 being RMB40.95 million and directed the same amount to be paid to Century Choice, and the amount of registered capital contribution by Century Choice in Yulin Hongjin was reduced by an amount equal to approximately RMB41.9 million. As a result of such reduction of registered capital contribution, the CAP Group's equity interest in Yulin Hongjin was decreased from 65% to 51%. Accordingly, the Group's effective interest in Yulin Hongjin was decreased from approximately 22.82% to approximately 17.91%. Details of the capital reduction were disclosed in the joint announcement published by the Company, WYT and CAP dated 18 June 2021.

Please also refer to the sections above headed "Property Development — Formation of joint venture and disposal of interest of certain projects to the joint venture" and "Property Investment" above for details of other material acquisitions and disposals by the Group during the year under review.

Save as disclosed above, as at the date of this results announcement, the Group has no future plan for material investments or capital assets.

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

In May 2015, Ms. Wang and Tian Jiu commenced proceedings against the PRC Ministry of Commerce ("**MOFCOM**") in the Beijing Second Intermediate People's Court, seeking, inter alia, a direction that MOFCOM revoke its approval in respect of the Baisazhou Acquisition.

It is alleged by Ms. Wang and Tian Jiu that:

a) 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) Baishazhou Agricultural forged the related documentation for filing with the MOFCOM and the Hubei Administration For Industry and Commerce (the "**Hubei AIC**"), and that such documentation and the Contended Agreements involved forged signatures; and

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

In December 2015, the Beijing Second Intermediate People's Court directed MOFCOM to reconsider its approval decision. In May 2016, MOFCOM decided that its approval issued in relation to the Contended Agreements shall not be revoked and shall remain to be in force (the "**Reconsidered Decision**").

In August 2016, Ms. Wang and Tian Jiu commenced administrative proceedings against MOFCOM in the Beijing Second Intermediate People's Court seeking to set aside the Reconsidered Decision. In March 2017, the Beijing Second Intermediate People's Court dismissed the application of Ms. Wang and Tian Jiu ("**31 March Judgement**"). On 20 December 2018, the Beijing Higher People's Court upheld the 31 March Judgement ("**20 December Judgement**"), Ms. Wang and Tian Jiu applied to the Supreme People's Court for a retrial and for dismissal of (i) the 31 March Judgement, and (ii) the 20 December Judgement, but this application was dismissed by the Supreme People's Court on 29 December 2020.

As advised by CAP's PRC legal advisor, 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.

In May 2015, CAP Group commenced legal proceedings against Ms. Wang and Tian Jiu in the Higher People's Court of Hubei Province ("**Hubei Court**") seeking, inter alia, declarations and orders that the sales and purchase agreements for the Baisazhou Acquisition (the "**SPA**") have been legally made, and that Ms. Wang and Tian Jiu shall assist Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM (which were subsequently withdrawn in April 2019 in light of the decisions in respect of the MOFCOM approvals). Ms. Wang and Tian Jiu filed their counterclaim for, inter alia, the return of the CAP's 90% interest in Baisazhou Agricultural, which was dismissed by the Hubei Court in December 2019 ("**23 December Judgement**").

In January 2020, Ms. Wang and Tian Jiu appealed against the 23 December Judgement. On 29 March 2021, the CAP Group received the judgement of the Supreme Court dated 29 December 2020 (the "**29 December Judgement**") which upheld the 23 December Judgement and dismissed the appeal of Ms. Wang and Tian Jiu. As advised by the PRC legal advisors of the CAP Group, according to the 23 December Judgement and the 29 December Judgement, the CAP Group continues to be the legal and beneficial owner of Baisazhou Agricultural.

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

In 2011, CAP issued a Writ of Summons in Court of First Instance in the High Court of Hong Kong (the "**CFI**") 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 SPA. Ms. Wang and Tian Jiu counterclaimed for, amongst others, an order that CAP do cause and/or procure the shares in Baisazhou Agricultural to be transferred back to Ms. Wang and Tian Jiu.

In 2012, CAP obtained a court order from the CFI to the 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 in relation to the SPA by presentation of the Instruments until the final determination of these proceedings or further court order. Pursuant to the Undertakings, the Instruments will no longer fall due for payment by CAP on 5 December 2012.

The CFI handed down its judgement on 18 January 2021 awarding damages in favour of CAP for sum exceeding the sum owed under the Instruments. The CFI also ordered that the damages awarded to CAP be set-off by the sum owed under the Instruments, and that Ms. Wang and Tian Jiu not be allowed to enforce the Instruments against CAP. In effect, CAP is not required to make any payment under the Instruments to Ms. Wang or Tian Jiu. CAP is seeking legal advice for the recovery of the balance of the damages awarded to it. Further, as the counterclaim of Ms. Wang and Tian Jiu was dismissed, CAP continues to be the legal and beneficial owner of Baisazhou Agricultural.

Prosecution commenced in the PRC by Wuhan Jianghan District People's Procuratorate against the former director of Baisazhou Agricultural, Mr. Zhou Jiu Ming

According to the judgement of Hubei Wuhan Jianghan District People's Court ("**Jianghan Court**") dated 19 November 2021 ("**19 November Judgement**"), the former director of Baisazhou Agricultural, Mr. Zhou Jiu Ming ("**Mr. Zhou**"), during the period of 2009 under the employment of Baisazhou Agricultural, instructed other associated personnel of Baisazhou Agricultural to unlawfully misappropriate funds of Baisazhou Agricultural in the sum of RMB40.0 million for his personal use. Wuhan Jianghan District People's Procuratorate commenced prosecution against Mr. Zhou for penalty. Jianghan Court ordered in the 19 November Judgement that: (1) Mr. Zhou was guilty of misappropriation of funds and was sentenced to five years of imprisonment; (2) Mr. Zhou shall return the misappropriated funds of RMB40.0 million to Baisazhou Agricultural in accordance with the law.

According to the judgement of Hubei Wuhan Intermediate People's Court ("**Wuhan Court**") dated 11 January 2022 ("**11 January Judgement**"), Wuhan Court ordered that the appeal by Mr. Zhou against the 19 November Judgement be dismissed. The 11 January Judgement is final.

The case has now come to an end.

On 1 March 2022, Baisazhou Agricultural received the sum of RMB40.0 million returned by Mr. Zhou. Compensation from litigation judgement of approximately HK$48.6 million was recognised and included in "Other income and gains, net" in the consolidated statement of profit or loss and other comprehensive income.

Further details regarding the civil proceedings which the CAP Group has been involved in can be found in the interim/annual reports and announcements issued by CAP.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial year ended 31 March 2022, on 3 May 2022, CAP proposed to enter into a loan agreement with Ping An Bank Co., Ltd. for a loan principal amount of RMB300.0 million (in its HKD equivalent) for a term of three years (the "**Ping An Loan**"). As a condition to the Ping An Loan, WYT is required to provide a financial guarantee (the "**Guarantee**") in respect of CAP's obligations under the Ping An Loan. The Guarantee provided by WYT constituted a connected transaction for the Company under the Listing Rules. On 22 June 2022, the independent shareholders of the Company approved the Guarantee at its special general meeting.

At the same special general meeting, the independent shareholders of the Company also approved the revolving credit facility entered into between CAP as the borrower and (i) Double Leads Investments Limited, an indirect subsidiary of the Company, and (ii) Winning Rich Investments Limited, an indirect subsidiary of WYT, as the lenders, pursuant to which Double Leads Investments Limited and Winning Rich Investments Limited agreed to make the revolving loan facility of HK$70.0 million and HK$506.0 million respectively at the interest rate of 10.0% per annum for a term of five years available to CAP. Such facility would expire on 2 May 2027.

FOREIGN EXCHANGE

Management of the Group is of the opinion that the Group has no material foreign exchange exposure in the usual course of the Group's daily operation and therefore, the Group does not engage in any hedging activities. 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 2022, the Group had 2,145 (2021: 2,102) employees, of whom approximately 43% (2021: approximately 41%) 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 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 retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

PRINCIPAL 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 the Group's 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 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 due to material shortage or price inflation for pharmaceutical business; and (x) internet risk; (xi) fluctuation in the exchange rate of Renminbi against Hong Kong dollars which may affect the repatriation of profit and/or additions of investment when converting currencies; (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets; and (xiii) the effect of close down or rental subsidies of these agricultural produce exchange market due to the outbreak of COVID-19.

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 2022 will be a year with challenges and opportunities. The whole Hong Kong society and economy is adversely affected by the sudden outbreak of the COVID-19 pandemic since early 2022. Hong Kong real GDP contracted by 4.0% in the first quarter of 2022 on a year-on-year basis. Moreover, Hong Kong's unemployment rate rolling three-month figure from February to April 2022 climbed to a one-year high of 5.4% as stringent social-distancing curbs imposed at the height of the city's raging fifth Covid-19 wave took their toll on businesses.

In respect of the property development segment in Hong Kong, it is expected that the inflation pressure in Hong Kong is moderate and thus for the increment pace of interest rate. With the positive progress in border opening between Hong Kong and Mainland China, the property market is expected to have steady and positive development in 2022. The Group is cautiously optimistic on the property development market in Hong Kong. In August 2021, the Group launched the pre-sales of The Met. Azure. The performance was remarkable that all the units released for sales on the first day were sold out on the same day. The project got the record high selling price per square feet in the district. Moreover, there will be a new development in Larch Street, Tai Kok Tsui and it is expected to be pre-sale in the third quarter of 2022.

During the year, the Group have invested in two new commercial projects, namely the Parkville Property and the Jumbo Property. Both projects were joint ventured with experienced investors and the Group has taken the role as asset manager. The Group will also focus on the asset management segment with the utilisation of expertise in asset enhancements and property development.

The Group will continue to monitor the market changes closely whilst keep looking for opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

The fresh market operations have been a cash flow generating and profitable business over the past decades. Nevertheless, the environment for fresh market operations will become more competitive as the number of fresh markets and operators have increased and also as a result of the gradual acceptance of online shopping and delivery services. The unprecedented scale of COVID-19 pandemic affects the fresh market operation as citizens tended to hide from outdoors activities. While the Government continues to roll out easing measures to the tenants, it has reduced some pressure for these tenants. On the other hand, when the pandemic situation will become over sooner or later, the Group will continue 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, the Group will also devote more resources in developing retailing business and delivery services in these fresh markets.

Moreover, the Group, through CAP, 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 and agricultural produce exchange market segment and the property development 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 the PRC central government's first priority policy for the next consecutive years. In December 2021, Notice by State Council Issuing the 14th Five Year Development Plan for the Digital Economy (No. 29 (2021) of the State Council) was published, which states that the transformation of industrial digitalisation was promoted steadily and agricultural digitalisation was built in a comprehensive manner. Moreover, in 2022, the document "No. 1 Central Document of 2022" was released by the Central Committee of Communist Party of China and the State Council of China. The document is aim at to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities of agricultural products and improve regional cold storage infrastructure. The Group will continue to capture new business opportunities by cooperating with partners to adopt an "asset light" approach and to leverage on the support and policies of the PRC Government. 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 Group.

"Wai Yuen Tong", a reputable pharmaceutical household brand, was established over a century ago. Subsequent to the outbreak of COVID-19, we believe that TCM plays an increasingly significant role in the fight against this global epidemic. Prevention comes before cure and consumer health awareness will be increased. Moreover, the fifth wave of the COVID-19 have made Hong Kong citizens much more concerns about the pandemic situation and it is expected that general increase in spending on Chinese medication and nutritional supplements to help fighting against the pandemic.

In order to maintain the WYT 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 WYT. Moreover, the WYT Group will accelerate the development of its Chinese medical consultation linking to TCM products in Mainland China and Macau which can diversify the risk of market uncertainty and explore markets beyond the elder age group in Hong Kong. The national policy for Guangdong-Hong Kong-Macau Greater Bay Area, as a key development area, provides a bright prospect for TCM development.

The Group will take advantage of the Guangdong-Hong Kong-Macau Greater Bay Area policy in order to broaden the distribution network and help strengthen the Group's sales and brand recognition. The market for Chinese pharmaceutical medication and supplements manufactured in Hong Kong is expected to be expand rapidly in the next decade in the Guangdong-Hong Kong-Macau Greater Bay Area. The Government of Macau SAR has granted a subsidiary of WYT the import/export and wholesales license of medicine in Macau which allowed that subsidiary to sell directly in pharmacies/supermarkets/chain stores on a wholesale basis in Macau. Moreover, with the expected launch of the Chinese medicine hospital in Hong Kong in 2025, it is expected to set a new milestone for TCM in Hong Kong.

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. 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 for being a socially responsible corporation.

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.

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 680 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 March 2022.

Details of the share repurchases during the year are as follows:

Month of repurchases	Number of share repurchased *(in million)*	Purchase price per share Highest *HK$*	Purchase price per share Lowest *HK$*	Aggregate amount *HK$ (in million)*
January 2022	220.0	0.080	0.077	17.26
February 2022	400.0	0.080	0.075	30.80
March 2022	60.0	0.075	0.075	4.50
	680.0			52.56

The repurchases of the Company's shares during the year were made pursuant to the mandate granted by the shareholders of the Company (the "**Shareholder(s)**") at the 2021 annual general meeting of the Company held on 25 August 2021, 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 2022 and up to the date of this announcement, the total number of shares of the Company in issue was 15,977,520,047 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 principles 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 2022.

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 2022 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 financial 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 management and the external auditor. The Audit Committee reviewed and considered, 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.

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 2022.

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 2022 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 opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

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 2022 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, 28 June 2022

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

* *For identification purpose only*