



WANG ON GROUP LIMITED

宏安集團有限公司

Incorporated in Bermuda with limited liability  
Stock Code: 1222



# 2016

## Interim Report



MIX  
Paper from  
responsible sources  
FSC™ C022951

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## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

#### Executive Directors

Mr. Tang Ching Ho, *SBS, JP, Chairman*  
 Ms. Yau Yuk Yin, *Deputy Chairman*  
 Mr. Chan Chun Hong, Thomas, *Managing Director*

#### Independent Non-executive Directors

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*  
 Mr. Wong Chun, Justein, *BBS, MBE, JP*  
 Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
 Mr. Siu Kam Chau

#### AUDIT COMMITTEE

Mr. Siu Yim Kwan, Sidney, *S.B.St.J., Chairman*  
 Mr. Wong Chun, Justein, *BBS, MBE, JP*  
 Mr. Siu Kam Chau

#### REMUNERATION COMMITTEE

Mr. Wong Chun, Justein, *BBS, MBE, JP, Chairman*  
 Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*  
 Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
 Mr. Siu Kam Chau  
 Mr. Tang Ching Ho, *SBS, JP*  
 Ms. Yau Yuk Yin  
 Mr. Chan Chun Hong, Thomas

#### NOMINATION COMMITTEE

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP, Chairman*  
 Mr. Wong Chun, Justein, *BBS, MBE, JP*  
 Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*  
 Mr. Siu Kam Chau  
 Mr. Tang Ching Ho, *SBS, JP*  
 Ms. Yau Yuk Yin  
 Mr. Chan Chun Hong, Thomas

#### EXECUTIVE COMMITTEE

Mr. Tang Ching Ho, *SBS, JP, Chairman*  
 Ms. Yau Yuk Yin  
 Mr. Chan Chun Hong, Thomas

#### INVESTMENT COMMITTEE

Mr. Tang Ching Ho, *SBS, JP, Chairman*  
 Mr. Chan Chun Hong, Thomas  
 Mr. Siu Kam Chau

#### COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

#### AUDITORS

Ernst & Young

#### LEGAL ADVISERS

DLA Piper Hong Kong  
 Gallant

### PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited  
 China Everbright Bank Co., Ltd.  
 DBS Bank (Hong Kong) Limited  
 Hang Seng Bank Limited  
 The Hongkong and Shanghai Banking Corporation Limited

### REGISTERED OFFICE

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3202, 32/F., Skyline Tower  
 39 Wang Kwong Road  
 Kowloon Bay  
 Kowloon  
 Hong Kong  
 (takes effect on 3 December 2016)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited  
 The Belvedere Building  
 69 Pitts Bay Road  
 Pembroke HM08  
 Bermuda

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited  
 Level 22, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

### BOARD LOT

20,000 shares

### INVESTOR RELATIONS

Email: [pr@wangan.com](mailto:pr@wangan.com)

### HOMEPAGE

[www.wangan.com](http://www.wangan.com)

### STOCK CODE

1222

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## INTERIM DIVIDEND

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2015: HK0.1 cent) per ordinary share for the six months ended 30 September 2016. The interim dividend will be payable on or around Friday, 30 December 2016 to those shareholders whose names appear on the register of members of the Company on Tuesday, 20 December 2016.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 December 2016 to Tuesday, 20 December 2016, both days inclusive, during which period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of share(s), accompanied by the relevant share certificate(s) with properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 16 December 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company had completed on 12 April 2016 the “spin-off” of its residential and commercial property development and commercial and industrial property investment businesses to a separately listed subsidiary, Wang On Properties Limited (“**WOP**”, together with its subsidiaries, collectively the “**WOP Group**”). Details of the whole “spin-off” exercise were disclosed in the announcements of the Company dated 28 December 2015, 4 March 2016, 24 March 2016, 30 March 2016, 11 April 2016 and 12 April 2016, respectively. Since 12 April 2016 and as at 30 September 2016, the Company continued to hold 75.0% equity interest in WOP and continued to benefit from the property related business of WOP Group. The financial performance and position of the WOP Group continue to be consolidated into the financial statements of the Group.

Besides, since 29 September 2016 and as at 30 September 2016, the Company held 51.32% equity interest in Wai Yuen Tong Medicine Holdings Limited (“**WYTH**”) which had increased from the original 22.08% as at 31 March 2016 pursuant to a rights issue in WYTH on the basis of three rights shares for every one WYTH share at HK\$0.43 per share (the “**WYTH Rights Issue**”). Details of the Company’s participation in WYTH Rights Issue were disclosed in the announcements of the Company dated 8 July 2016 and 26 August 2016, respectively. The financial performance and position of WYTH and its subsidiaries (collectively the “**WYTH Group**”) has been consolidated into the financial statements of the Group since 29 September 2016.

As at 30 September 2016, the Group was composed of the Company and its subsidiaries including the WOP Group and the WYTH Group. Since the completion of the step acquisition of WYTH on 29 September 2016, WYTH Group contributed a loss of approximately HK\$2.2 million to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2016 amounted to approximately HK\$207.6 million (six months ended 30 September 2015: approximately HK\$658.9 million), which represented a significant decrease of approximately HK\$451.3 million or about 68.5% compared with corresponding period last year. The relatively underperformed revenue of the current reporting period was mainly attributable to the decrease in revenue contributed from property development projects as there were fewer properties for sale. Profit attributable to owners of the parent for six months ended 30 September 2016 was approximately HK\$454.2 million (six months ended 30 September 2015: approximately HK\$140.5 million), which in contrast represented a substantial increase of approximately HK\$313.7 million or about 223.3% over the corresponding period last year. The substantial increase in profit was mainly attributable to the gain on bargain purchase from the acquisition of additional equity interest in WYTH, despite there had been a notable decrease in fair value of financial assets during the current reporting period. The review of the individual business segments of the Group is set out below.

### Property Development

Revenue recognised in this business segment for the reporting period amounted to approximately HK\$47.8 million (six months ended 30 September 2015: approximately HK\$520.4 million) which was contributed mainly by the completion of sale of a remaining unit in "726 Nathan Road".

The Group launched the presale of two projects in Ma On Shan in Sha Tin, namely "The Met. Blossom" (site at Ma Kam Street) and "The Met. Bliss" (site at Hang Kwong Street) in August and October 2016 respectively, with a total contracted sales of approximately HK\$3.8 billion as at the date of this report.

For "The Met. Blossom" project, over 98% of the 640 units released have been sold since the start of the pre-sale in August 2016. The satisfactory result was mainly attributable to a successful sale strategy and precise positioning of the project. Selling at close-to-market prices, the project had attracted singles and young couples who were end users as well as investors, accounting for approximately 60% and 40% of the pre-sold units respectively. Construction of the superstructure of this project is undergoing and it is expected that this project will be completed in 2018. The Group owns 60% equity interest in this development and its results and financial position are consolidated into the financial statements of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

“The Met. Bliss” project also received favourable response, over 90% of the 364 units released had been sold since the presale in October 2016. “The Met. Bliss” project offers studios, one-bedroom units and a limited number of two-bedroom units that are rarely supplied in Ma On Shan, targeted to meet the demand for smaller flats in the district. Same as “The Met. Blossom” project, construction of superstructure is also underway. The project is expected to be delivered in 2018. The Group owns 60% equity interest in this development and its results and financial position are consolidated into the financial statements of the Group.

The Group’s third residential land piece in Sha Tin district, the site at Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587) has already started foundation works. The site is situated in an area of traditionally prime residential zone neighboring the Sha Tin Heights Road and Lower Shing Mun Road, which is highly favourable for premium residential development. The Group solely owns this development and it is expected the project will be delivered in 2019.

The site at 575-575A Nathan Road, Mong Kok has had its superstructure works begins. The site will be developed into another 19-floor versatile Ginza type commercial complex in the Nathan Road area, following our previous successful “726 Nathan Road” commercial project. Targeted completion date of this development is expected to be in late 2017.

Development works of the site at 13 and 15 Sze Shan Street are still being halted, pending the negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site.

As at 31 October 2016, the Group had a development land portfolio as follows:

Location	Approximate site area (square feet)	Intended usage	Anticipated year of completion
575-575A Nathan Road, Mongkok	2,100	Commercial	2017
Hang Kwong Street, Ma On Shan (“The Met. Bliss”)	33,300	Residential	2018
Ma Kam Street, Ma On Shan (“The Met. Blossom”)	33,300	Residential	2018
Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587)	71,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential and Commercial	2020

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### BUSINESS REVIEW *(Continued)*

#### Property Development *(Continued)*

To support the sustainable development, the Group will continue to acquire development sites with reference to the future market supply and the preference of the potential buyers. The Group has also explored other ways of collaboration with external parties for development opportunities. The Group will also dedicate further resources in its brand building for its property development business.

#### Property Investment

During the reporting period, the Group received gross rental income of approximately HK\$18.7 million (six months ended 30 September 2015: approximately HK\$22.8 million), representing a decrease of approximately HK\$4.1 million or 18.0% below the corresponding period last year. The decrease in gross rental income was primarily attributable to the disposal of a number of properties during the year ended 31 March 2016, as well as during the reporting period.

As at 30 September 2016, the Group's portfolio of investment properties comprised of commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK\$1,044.3 million (31 March 2016: approximately HK\$795.3 million).

During the reporting period, the Group disposed of various investment properties with a total consideration of approximately HK\$11.2 million. The management of the Group is of the view that such disposals would benefit the Group by immediately realising the potential of these long term investments at a favourable market rates and strengthening the liquidity and overall financial position of the Group.

Last year in November 2015, the Group acquired a number of car parking spaces in Shatin Centre at a consideration of HK\$96.8 million, with a view for trading gain. Some of which had been sold during the year ended 31 March 2016. During the reporting period, the remaining car parking spaces were all contracted for sale and three of which had been completed.

Subsequent to the end of the reporting period, the Group entered into (i) a provisional sale and purchase agreement on 4 November 2016 to acquire a shop at No. 166, Sai Yeung Choi Street South, Mong Kok, Kowloon at a consideration of HK\$83.3 million, completion of which will take place on 30 December 2016; and (ii) a sale and purchase agreement on 7 November 2016 mainly to acquire an office premises at 30th floor of United Centre, No. 95 Queensway Road, Hong Kong at a consideration of approximately HK\$512.2 million, completion of which will take place on 25 January 2017.

As with before, the Group will continuously review its property and keep a close monitor of the portfolio to ensure a sustainable recurring rental income while at the same time maximising the overall return, and continue to explore potential property investment opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### BUSINESS REVIEW *(Continued)*

#### Management and Sub-licensing of Chinese Wet Markets

For the six months ended 30 September 2016, revenue recorded for this segment amounted to approximately HK\$96.9 million (six months ended 30 September 2015: approximately HK\$85.2 million), representing an increase of approximately HK\$11.7 million or 13.7% over the corresponding period last year. The rise in revenue was mainly attributable to the commencement of new rentals following the completed renovation of two wet markets, namely Lei Tung Estate in Ap Lei Chau and Shui Chuen O Estate in Sha Tin, and one new wet market at Lee On Estate was an operating market licensed from the landlord.

During the reporting period, the Group managed substantially a portfolio of approximately 805 stalls in “Allmart” brand of Chinese wet markets in Hong Kong with a total gross floor area of over 246,000 square feet. To cope with competition from other shopping means and meet increasing customers’ expectation for convenient and comfortable shopping experience, the Group had continued its enhancement works in its managed Chinese wet markets as well as upgrading its management and improvement of the general environment. The Group had expanded its marketing and promotion budget to promote patronage. The Group had also devised various cost saving and efficiency enhancement exercises to increase profitability.

In Mainland China, the Group is actively studying proposals for enhancing the management and operation of its 17 Chinese wet markets operating under the “Huiimin” brand in various districts of Shenzhen, Guangdong Province. It currently includes a portfolio of approximately 1,000 stalls with a total gross floor area of over 283,000 square feet. The Group is also proactively exploring other opportunities in this segment in other regions of Mainland China. The Group regards operation of Chinese wet Markets as a stable and strong income base of the Group.

#### Provision of Finance

This line of business had provided the Group the opportunities to better utilise its excess financial resources and earn a relatively higher return compared with deposits and securities investments. During the reporting period, the Group had extended further credit facilities to individuals and other corporations. Revenue generated from this segment amounted to approximately HK\$44.1 million (six months ended 30 September 2015: approximately HK\$30.7 million). Given the continued tightening of mortgage lending policy in Hong Kong, the Group expects this line of business will have further room for development.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### BUSINESS REVIEW *(Continued)*

#### Investment in WYTH and the Pharmaceutical and Health Food Products Related Business

For the six months ended 30 September 2016, WYTH Group recorded a turnover of approximately HK\$350.9 million (six months ended 30 September 2015: approximately HK\$376.8 million) and loss attributable to equity holders of approximately HK\$38.3 million (six months ended 30 September 2015: profit attributable to equity holders of approximately HK\$67.7 million). Such a decline in results performance was mainly attributable to, among other things, the loss in fair value of equity investments at fair value through profit or loss (net), the share of losses in associates and the fair value losses on investment properties, which were offset by the effect that a loss on deemed partial disposal of equity interests in an associate was accounted for in the last period whereas there was no such loss in the current period and a gain on disposal of a property was realised in the current period.

As mentioned, WYTH became a subsidiary of the Group on 29 September 2016, following the WYTH Rights Issue completed on the same date. The acquisition of additional equity interest in WYTH by the Company through the WYTH Rights Issue had generated a gain on bargain purchase of approximately HK\$1,062.1 million and loss on remeasurement of pre-existing interest in WYTH to acquisition date fair value amount to approximately HK\$550.4 million (six months ended 30 September 2015: Nil). Prior to becoming a subsidiary of the Group, WYTH was an associate of the Group and the Group's share of loss of WYTH Group within the reporting period was approximately HK\$8.4 million (six months ended 30 September 2015: share of profit of approximately HK\$40.1 million including a gain on bargain purchase of approximately HK\$26.3 million).

A number of economic and political factors continue to shadow the general retail market in Hong Kong. There has also been a shift of spending focus and pattern of the Mainland China visitors in Hong Kong. Further, the recent and apparently sustained depreciation of Renminbi against Hong Kong Dollar has also served to suppress consumption sentiment of Mainland visitors. Given the tough market environment, the Group will strive to maintain its competitive edge by further expanding its product range, broadening its customer base, enhancing quality control, as well as strengthening marketing and promotional activities.

The new production plant in Yuen Long Industrial Estate is constructed with the state-of-the-art technology which intends to manufacture both Western and Chinese traditional medicines. Trial production is underway and it should due for normal operation by early 2017. By then the Group's production and research and development capacity will be enhanced, it will provide greater flexibility to accommodate different market demands and manufacture diverse pharmaceutical and health food products to cater for various market segments.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### BUSINESS REVIEW *(Continued)*

#### Investment in WYTH and the Pharmaceutical and Health Food Products Related Business *(Continued)*

The Group has also acquired a factory building in Nanbu Village, Pingshan Town, Shenzhen, Guangdong Province of Mainland China, with an aim to expand manufacturing capacity and further strengthen the business in Mainland China. The acquisition is expected to complete by end of 2016. Details of this acquisition were set out in the announcements of WYTH dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016, 27 April 2016 and 27 July 2016 respectively.

#### Loan Facility Granted to China Agri-Products Exchange Limited (“CAP”)

On 4 October 2014, the Group entered into a subscription agreement with CAP, pursuant to which the Group had subscribed up to a maximum principal amount of HK\$200.0 million two-year 8.5% coupon interest bonds and HK\$1,050.0 million five-year 10.0% coupon interest bonds to be issued by CAP (collectively “CAP Bonds”). As at 30 September 2016, the fair value of the CAP Bonds held by the Group amounted to approximately HK\$1,249.7 million (31 March 2016: approximately HK\$503.5 million). This was comprised of principal amount of HK\$200.0 million two-year 8.5% coupon interest bonds and HK\$1,050.0 million five-year 10.0% coupon interest bonds, with totaling principal amount of HK\$1,250.0 million (31 March 2016: HK\$530.0 million).

Subsequent to the end of the reporting period, on 24 October 2016, CAP had redeemed HK\$200.0 million two-year 8.5% coupon interest bonds.

Besides, as at 30 September 2016, CAP was indebted to the Group in the principal amount of HK\$70.0 million (31 March 2016: approximately HK\$70.0 million).

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group’s total assets less current liabilities were approximately HK\$9,570.6 million (31 March 2016: approximately HK\$6,199.7 million) and the current ratio increased from approximately 6.0 times as at 31 March 2016 to approximately 7.2 times as at 30 September 2016.

As at 30 September 2016, the Group had cash resources and short-term investments of approximately HK\$2,225.0 million (31 March 2016: approximately HK\$1,631.0 million). Aggregate borrowings as at 30 September 2016 amounted to approximately HK\$3,306.5 million (31 March 2016: approximately HK\$2,208.8 million) and bear a floating interest rate. The gearing ratio was approximately 31.1% (31 March 2016: approximately 20.2%), calculated by reference to the Group’s total bank and other borrowings net of cash and cash equivalents and the equity attributable to owners of the parent.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### LIQUIDITY AND FINANCIAL RESOURCES (Continued)

As at 30 September 2016, the Group's land and buildings, investment properties (including the investment properties included in assets held for sale) and properties under development with carrying value of approximately HK\$547.1 million, HK\$941.8 million and HK\$3,094.3 million (31 March 2016: approximately HK\$60.1 million, HK\$654.0 million and HK\$2,910.5 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2016 amounted to approximately HK\$1,264.4 million (31 March 2016: approximately HK\$127.5 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future.

### DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2016, interest-bearing debt profile of the Group was analysed as follows:

	Outstanding Amount <i>HK\$ million</i>	Approximate annual effective interest rate	Maturity date
Financial Institution borrowings	3,050.5	HIBOR+1.68%	Ranging from December 2016 to June 2026
Non-Financial Institution borrowings	256.0	6.0%	2018
<b>Total</b>	<b>3,306.5</b>		

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### SIGNIFICANT INVESTMENTS HELD

As at 30 September 2016, the Group had available-for-sale investment and financial assets at fair value through profit or loss of approximately HK\$1,307.0 million and HK\$378.8 million, respectively:

Nature of investments	As at 30 September 2016		Percentage		For the period ended 30 September 2016				Fair value/ carrying amount		Investment cost
	Number of shares held	Amount held	of share- holding	Percentage to the Group's net assets	Fair value gain/(loss) of financial assets at fair value through profit or loss	Imputed interest from bonds	Dividends received	Fair value/ carrying amount			
								As at 30 September 2016	As at 31 March 2016		
	'000	HK\$'000	%	%	HK\$'000	Bond interest income	HK\$'000	HK\$'000	HK\$'000		
<b>Available-for-sale investments</b>											
CAP – 10.0% 5-year Bonds	-	1,050,000	-	16.07%	-	16,571	752	-	1,050,000	307,780	1,044,149
CAP – 8.5% 2-year Bonds	-	199,744	-	3.06%	-	8,512	1,337	-	199,744	195,671	199,516
Others	-	57,273	-	0.88%	-	375	-	-	57,273	11,969	58,096
Sub-total	-	1,307,017	-	20.01%	-	25,458	2,089	-	1,307,017	515,420	1,301,761
<b>Financial assets at fair value through profit or loss</b>											
<b>A. Listed Investments</b>											
Kingston Financial Group Limited ("Kingston")	31,104	94,245	0.23%	1.44%	(12,634)	-	-	375	94,245	69,254	51,816
Town Health International Medical Group Limited ("Town Health")	107,500	132,225	1.39%	2.02%	(14,225)	-	-	-	132,225	80,300	83,323
Others	-	91,661	-	1.40%	(70,205)	-	-	560	91,661	149,950	110,467
<b>B. Mutual Funds</b>	-	51,232	-	0.78%	(6,731)	-	-	2	51,232	44,135	100,676
<b>C. Others</b>	-	9,466	-	0.14%	(475)	-	-	-	9,466	-	9,941
Sub-total	-	378,829	-	5.78%	(106,270)	-	-	937	378,829	343,639	356,223
<b>Total</b>	-	1,685,846	-	25.79%	(106,270)	25,458	2,089	937	1,685,846	859,059	1,657,984

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### SIGNIFICANT INVESTMENTS HELD *(Continued)*

The principal activities of the other securities are as follows:

1. **CAP** is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the People's Republic of China.
2. **Kingston** is principally engaged in provision of securities brokerage, underwriting and placements, margin and initial public offering financing, other financial services, hotel ownership and management, food and beverage, casino and securities investment.
3. **Town Health** is principally engaged in business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities.
4. Save as disclosed above, the Group also invested in other shares listed in Hong Kong. The fair value of each of these shares represented less than 1.00% of the net assets of the Group as at 30 September 2016. The principal activities of these companies include mainly operation of casinos; manufacturing of light-emitting diode and lighting products; solar energy; construction, operation and maintenance of power stations; money lending and financial services; fund management; securities trading and investment; property development and investment; operation of hotels and resorts; manufacturing of textile products and accessories; and general trading and provision of various services.
5. Save as disclosed above, the Group also invested in other mutual funds, the fair value of each of these mutual funds represented less than 1.00% of the net assets of the Group as at 30 September 2016, including Emerging Market Bond Fund, China Growth Fund, Asian Equity Plus Fund, USD Money Fund, Opus Mezzanine Fund 1 LP, PM Classic (PM), Emperor Greater China Opportunities Fund Ltd – 664825/DLT, Success Harvest Fund – Class A Shares, UBS (LUX) Equity – European Opportunity Unconstrained-ACC (LU0975313742 – USD Hedged P-acc) and ICBC-Quantum Advantage Funds.

### FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. As at 30 September 2016, the Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Hong Kong dollar, matches the currency requirements of the Group's operating expenses. Therefore, the Group does not engage in any hedging activities.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 967 (31 March 2016: 198) employees, of whom approximately 80.7% (31 March 2016: 98.0%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Group had a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually or biannually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

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

Save for the subsidiaries of the Company as well as the subscription of the rights shares of WYTH and the acquisition of two new properties as mentioned above, there was no other significant investments acquired, nor was there any other material acquisitions or disposals of subsidiaries during the period under review. During such period, the Board has not yet authorised any plan for other material investments or additions of capital assets.

### PROSPECTS

Recently, the Hong Kong Government has raised the ad valorem stamp duty again for property transaction, the second time in three years to curb soaring property prices. From 5 November 2016 onwards, stamp duty on residential property transactions will be increased to a flat rate of 15%, except for transaction of Hong Kong permanent resident who does not own any other residential property at time of acquisition. In fact, Hong Kong's property prices has gradually picked up again the upward trend early this year, especially that of the smaller sized residential units. Various newly launched residential projects had received overwhelming responses and the offered prices were escalating. This was also evidenced in the presales of the Group's "The Met. Blossom" and "The Met. Bliss". It shows that demand, especially from first-time buyers, for properties remains very strong.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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### PROSPECTS *(Continued)*

While the key issue of Hong Kong property market remains to be sufficiency of land supply, the Hong Kong Government has committed to increase supply of land in a sustainable manner. As more and more projects will be completed and launched soon, supply of residential properties should gain full momentum in the coming years. These should generate a stabilising effect in the property market and moderate the impact of further price hikes. On the other hand, coupled with the Government's long-term strategic plan to develop new living and business districts in Hong Kong in an attempt to build up a greater metropolitan area, the Group expects population of Hong Kong will increase further and this should generate further inelastic demand for residential properties. The Group therefore is keeping an optimistic view about the property market. Given that in recent years, there has been more and more property developers joining the arena for tender of Government land, it has increased competition among developers to acquire development land reserve, the Group will devote further resources and effort in the tender and search of land for development, and will also look for collaboration opportunities. The Group will also strive to maintain its quality and efficiency and invest further resources in brand building for its residential and commercial lines of projects. Further, the Group will continue to look for potential investment properties for recurring income and capital appreciation. The Group is confident about WOP's prospects in the near future.

WYTH's becoming subsidiary of the Group during the reporting period marks another milestone of the Group. Taking into account WYTH Group's business track record and financial position, as well as the continued trend of awareness and concern about personal health, the Group is optimistic about the future growth and development of WYTH Group. The solid foundation, recognised brand value of WYTH Group as well as the addition of new production facilities, should provide the support for further expansion. The Group considers and believes taking up of a controlling stake in WYTH an opportunity to participate in additional future returns of WYTH.

Apart from property related and pharmaceutical and health care businesses, the operation of Chinese wet market and provision of finance will continue to serve as reliable recurring income sources of the Group. In order to sustain further growth, the Group is actively exploring various forms of strategic business opportunities, and will develop or invest in new businesses whenever it generates attractive return to the Group and its shareholders.

## DISCLOSURE OF INTERESTS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2016, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

*Long positions in the ordinary shares of the Company:*

Name of directors	Number of ordinary shares held, capacity and nature of interest				Total	Approximate percentage of the Company's total issued share capital (Note f) %
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang Ching Ho ("Mr. Tang")	28,026,339	28,026,300 (Note a)	4,938,375,306 (Note b)	4,989,928,827 (Note c)	9,984,356,772	51.76
Ms. Yau Yuk Yin ("Ms. Yau")	28,026,300	4,966,401,645 (Note d)	-	4,989,928,827 (Note e)	9,984,356,772	51.76

## DISCLOSURE OF INTERESTS *(Continued)*

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### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Notes:

- (a) Mr. Tang was taken to be interested in those shares in which his spouse, Ms. Yau, was interested.
- (b) Mr. Tang was taken to be interested in those shares in which Caister Limited ("**Caister**"), a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang was taken to be interested in those shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (d) Ms. Yau was taken to be interested in those shares in which her spouse, Mr. Tang, was interested.
- (e) Ms. Yau was taken to be interested in those shares by virtue of being a beneficiary of Tang's Family Trust.
- (f) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2016 of 19,288,520,047 shares.

Save as disclosed above, as at 30 September 2016, none of the directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

## DISCLOSURE OF INTERESTS *(Continued)*

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

As at 30 September 2016, to the best knowledge of the directors, the following persons had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

*Long positions in the ordinary shares of the Company:*

Name of shareholders	Notes	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital (Note 5) %
Caister	(1)	Beneficial owner	4,938,375,306	25.60
Accord Power Limited ("Accord Power")	(2)	Beneficial owner – Tang's Family Trust	4,989,928,827	25.87
Fiducia Suisse SA	(2)&(3)	Interest of controlled corporation – Trustee	4,989,928,827	25.87
David Henry Christopher Hill	(3)	Interest of controlled corporation	4,989,928,827	25.87
Rebecca Ann Hill	(4)	Family interest	4,989,928,827	25.87

## DISCLOSURE OF INTERESTS *(Continued)*

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

*Notes:*

- (1) Caister, a company wholly owned by Mr. Tang, beneficially owned 4,938,375,306 shares.
- (2) Accord Power is wholly owned by Fiducia Suisse SA in its capacity as the trustee of Tang's Family Trust. Accordingly, Fiducia Suisse SA was taken to be interested in those shares held by Accord Power.
- (3) Fiducia Suisse SA is the trustee of the Tang's Family Trust. Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher Hill, and accordingly, Mr. David Henry Christopher Hill was taken to be interested in those shares in which Fiducia Suisse SA was interested.
- (4) Ms. Rebecca Ann Hill is the spouse of Mr. David Henry Christopher Hill and was therefore taken to be interested in the shares in which Mr. David Henry Christopher Hill was interested.
- (5) The percentages represented the number of shares over the total issued share capital of the Company as at 30 September 2016 of 19,288,520,047 shares.

Save as disclosed above, as at 30 September 2016, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEMES

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### SHARE OPTION SCHEME OF THE COMPANY

The Company adopted a new share option scheme (the “**2012 Scheme**”) at the annual general meeting of the Company held on 21 August 2012 for the primary purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The 2012 Scheme became effective on 21 August 2012 and, unless otherwise terminated earlier by shareholders at a general meeting, will remain in force for a period of 10 years from that date.

Under the 2012 Scheme, share options may be granted to any director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants.

During the period under review and as at 30 September 2016, no share option was granted, lapsed, cancelled or outstanding under the 2012 Scheme.

### SHARE OPTION SCHEME OF WOP

WOP adopted a share option scheme (the “**WOP Share Option Scheme**”) by the approval of the shareholders of WOP and the Company at the respective annual general meetings held on 9 August 2016. The WOP Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by its shareholders at a general meeting, will remain in force for a period of 10 years from that date.

Share options may be granted to any WOP’s director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the WOP Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the WOP Group or any of its substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants under the WOP Share Option Scheme.

During the period under review and as at 30 September 2016, no share option was granted, lapsed, cancelled or outstanding under the WOP Share Option Scheme.

## SHARE OPTION SCHEMES (Continued)

### SHARE OPTION SCHEME OF WYTH

WYTH adopted a new share option scheme (the “**WYTH 2013 Scheme**”) and terminated the share option scheme previously adopted at its annual general meeting held on 18 September 2003 (the “**WYTH 2003 Scheme**”). Upon termination of the WYTH 2003 Scheme, no share options was granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable during the prescribed exercisable period in accordance with the terms of the WYTH 2003 Scheme.

Under the WYTH 2013 Scheme, share options may be granted to any WYTH's director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the WYTH Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the WYTH Group or any of its substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants under the WYTH 2013 Scheme. The WYTH 2013 Scheme became effective on 22 August 2013 and, unless otherwise terminated earlier by its shareholders at a general meeting, will remain in force for a period of 10 years from that date.

The movement in the share options under the WYTH 2003 Scheme during the period under review was as follows:

Name or category of participant	Number of share options					Outstanding as at 30 September 2016	Date of grant	Adjusted exercise price per share (Note 1) HK\$	Exercisable period (Note 2)
	Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Adjusted during the period (Note 1)				
In aggregate	24,333	-	-	(4,077)	2,376	22,632	8.1.2009	20.6927	8.1.2010 – 7.1.2019
	29,538	-	-	(4,077)	2,987	28,448	12.5.2010	7.4197	12.5.2011 – 11.5.2020
	53,871	-	-	(8,154)	5,363	51,080			

## SHARE OPTION SCHEMES *(Continued)*

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### SHARE OPTION SCHEME OF WYTH *(Continued)*

Notes:

1. The numbers and exercise prices of the share options were adjusted immediately upon completion of the WYTH Rights Issue.
2. The share options granted under the 2003 WYTH Scheme were vested as follows:

On the 1st anniversary of the date of grant:	30% vested
On the 2nd anniversary of the date of grant:	Further 30% vested
On the 3rd anniversary of the date of grant:	Remaining 40% vested

Save as disclosed above, during the period under review, no share option was granted, exercised or cancelled under the WYTH 2003 Scheme and the WYTH 2013 Scheme and an aggregate of 8,154 WYTH's share options lapsed under the WYTH 2003 Scheme. As at 30 September 2016, WYTH had 51,080 share options outstanding under the WYTH 2003 Scheme. The exercise in full of the share options of WYTH would, under its present capital structure, result in the issue of 51,080 additional WYTH's ordinary shares and additional share capital of approximately HK\$510.8 and share premium of approximately HK\$678,882.01 (before issue expenses) in WYTH.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2016.

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

### UPDATE ON DIRECTORS' INFORMATION

During the period under review, there is no other change in information of directors of the Company since the publication of the 2016 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

During the period under review, the Group, through its subsidiaries, namely Double Leads Investments Limited ("**Double Leads**") and Winning Rich Investments Limited ("**Winning Rich**"), had granted the following loan facilities to, or subscribe for certain debt securities from, CAP:

- (a) by way of subscription of (i) up to an aggregate principal amount of HK\$200.0 million two-year 8.5% coupon bonds (the "**2016 Bonds**") by Double Leads; (ii) up to an aggregate principal amount of HK\$330.0 million five-year 10.0% coupon bonds (the "**2019 Bonds**") by Double Leads; and (iii) up to an aggregate principal amount of HK\$720.0 million 2019 Bonds by Winning Rich issued by CAP pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014) entered into, among others, CAP, Double Leads and Winning Rich. HK\$200.0 million of the 2019 Bonds were sold to Winning Rich on 30 September 2016 by Double Leads pursuant to the bond transfer agreement dated 5 July 2016 (as supplemented by an agreement dated 8 July 2016) entered into between the Company, Double Leads and Winning Rich. Subsequent to the end of the reporting period, the 2016 Bonds were redeemed by CAP on 24 October 2016; and
- (b) a loan agreement dated 17 August 2015 entered into between Double Leads and CAP, under which Double Leads agreed to provide an unsecured revolving loan facility of HK\$100.0 million to CAP at an interest rate of 12.0% per annum for a term up to 16 August 2018, out of which HK\$50.0 million was drawn down on 26 August 2015 and HK\$20.0 million was drawn down on 29 September 2015.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*(Continued)*

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### DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES *(Continued)*

Therefore, as at 30 September 2016 and up to the date of this report, CAP was indebted to the Group an aggregate outstanding principal amount of HK\$1,320.0 million and HK\$1,120.0 million, respectively.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2016.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiries of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review and no incident of non-compliance by the directors was noted by the Company during the period.

### AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group’s financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with the management the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2016 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

### APPRECIATIONS

I would like to take this opportunity to thank our customers, business partners, shareholders and institutional investors for the continued support given to the Group during the period. I would also like to thank our fellow members of the Board and all staff for their contribution to the Group.

By Order of the Board  
**Tang Ching Ho**  
Chairman

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2016

	Notes	Six months ended 30 September 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>REVENUE</b>	3	207,562	658,941
Cost of sales		(113,231)	(421,078)
<b>Gross profit</b>		<b>94,331</b>	237,863
Other income and gains, net	4	1,093,596	17,001
Selling and distribution expenses		(37,215)	(32,548)
Administrative expenses		(83,328)	(73,492)
Other expenses		(553,202)	(1,073)
Finance costs	5	(7,055)	(13,035)
Fair value losses of financial assets at fair value through profit or loss, net		(106,270)	(45,901)
Fair value gains on investment properties, net		8,321	44,692
Impairment of investment in an associate		-	(11,200)
Reversal of write-down of properties under development		44,411	-
Share of profits and losses of:			
Joint ventures		5,724	1,478
Associates		(8,447)	40,149
<b>PROFIT BEFORE TAX</b>	6	<b>450,866</b>	163,934
Income tax expense	7	(2,984)	(23,717)
<b>PROFIT FOR THE PERIOD</b>		<b>447,882</b>	140,217
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		24,826	27,592
Exchange differences on translation of foreign operations		558	62
Other reserves:			
Release of other reserves upon Step Acquisition of WYTH		11,870	-
Share of other comprehensive loss of joint ventures		(2,762)	(2,497)
Share of other comprehensive income of associates		6,628	9,716
		<b>15,736</b>	7,219

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

Six months ended 30 September 2016

	Note	Six months ended 30 September 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>41,120</b>	34,873
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>489,002</b>	175,090
Profit attributable to:			
Owners of the parent		454,238	140,520
Non-controlling interests		(6,356)	(303)
		<b>447,882</b>	140,217
Total comprehensive income attributable to:			
Owners of the parent		495,358	175,393
Non-controlling interests		(6,356)	(303)
		<b>489,002</b>	175,090
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic		<b>HK2.35 cents</b>	HK0.72 cent
Diluted		<b>HK2.35 cents</b>	HK0.72 cent

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2016

	Notes	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,105,148	92,554
Investment properties		833,700	579,200
Properties under development	10	404,804	350,000
Investment in joint ventures		106,511	88,253
Investments in associates		90,619	571,469
Trademarks		68,991	–
Available-for-sale investments		1,101,580	313,996
Financial assets at fair value through profit or loss		8,723	–
Loans and interest receivables		14,982	7,196
Deposits paid		132,658	1,896
Deferred tax assets		16,334	1,577
Total non-current assets		3,884,050	2,006,141
<b>CURRENT ASSETS</b>			
Properties under development	10	2,699,606	2,560,519
Properties held for sale		66,743	91,981
Available-for-sale investments		205,437	201,424
Inventories		228,109	–
Trade receivables	11	146,537	9,438
Loans and interest receivables		414,728	279,622
Prepayments, deposits and other receivables		409,869	37,425
Financial assets at fair value through profit or loss		370,106	343,639
Tax recoverable		4,437	906
Cash and cash equivalents		1,854,885	1,287,315
Assets classified as held for sale	12	6,400,457 210,570	4,812,269 226,059
Total current assets		6,611,027	5,038,328
<b>CURRENT LIABILITIES</b>			
Trade payables	13	102,678	52,444
Other payables and accruals		120,613	57,355
Deposits received and receipts in advance		320,179	82,254
Interest-bearing bank and other loans		348,423	600,047
Tax payable		32,604	51,247
Liabilities directly associated with the assets classified as held for sale	12	924,497 –	843,347 1,471
Total current liabilities		924,497	844,818
<b>NET CURRENT ASSETS</b>		<b>5,686,530</b>	<b>4,193,510</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,570,580</b>	<b>6,199,651</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

30 September 2016

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other loans	2,958,073	1,608,741
Deferred tax liabilities	51,030	12,970
Other payables	29,420	21,973
Total non-current liabilities	3,038,523	1,643,684
Net assets	6,532,057	4,555,967
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	192,885	192,885
Reserves	4,476,333	4,364,385
	4,669,218	4,557,270
<b>Non-controlling interests</b>	1,862,839	(1,303)
Total equity	6,532,057	4,555,967

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2016

	Attributable to owners of the parent										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2015	65,249	1,462,363	306,353	(52,974)	34	359	(6,117)	2,415,187	4,190,454	(22)	4,190,432
Profit for the period	-	-	-	-	-	-	-	140,520	140,520	(303)	140,217
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale investments	-	-	-	27,592	-	-	-	-	27,592	-	27,592
Exchange differences on translation of foreign operations	-	-	-	-	-	62	-	-	62	-	62
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(2,497)	-	(2,497)	-	(2,497)
Share of other comprehensive income of associates	-	-	-	-	-	-	9,716	-	9,716	-	9,716
Total comprehensive income for the period	-	-	-	27,592	-	62	7,219	140,520	175,393	(303)	175,090
Issue of shares upon exercise of share options	2	88	-	-	(34)	-	-	-	56	-	56
Bonus issue	130,504	-	-	-	-	-	-	(130,504)	-	-	-
Final 2015 dividend declared	-	-	-	-	-	-	-	(65,250)	(65,250)	-	(65,250)
At 30 September 2015	195,755	1,462,451	306,353	(25,382)	-	421	1,102	2,359,953	4,300,653	(325)	4,300,328

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Six months ended 30 September 2016

Notes	Attributable to owners of the parent											
	Issued Capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Treasury shares (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 April 2016	192,885	1,435,381	306,353	(19,537)	-	2,310	(9,056)	-	2,648,934	4,557,270	(1,303)	4,555,967
Profit for the period	-	-	-	-	-	-	-	-	454,238	454,238	(6,356)	447,882
Other comprehensive income/(loss) for the period:												
Changes in fair value of available-for-sale investments	-	-	-	24,826	-	-	-	-	-	24,826	-	24,826
Exchange differences on translation of foreign operations	-	-	-	-	-	558	-	-	-	558	-	558
Release of other reserve upon Step Acquisition of WYTH	-	-	-	-	-	-	11,870	-	-	11,870	-	11,870
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(2,762)	-	-	(2,762)	-	(2,762)
Share of other comprehensive income of associates	-	-	-	-	-	-	6,628	-	-	6,628	-	6,628
Total comprehensive income for the period	-	-	-	24,826	-	558	15,736	-	454,238	495,358	(6,356)	489,002
Deemed partial disposal of interest in subsidiaries	14(c)	-	-	-	-	-	-	(259,048)	-	(259,048)	591,136	332,088
Step Acquisition of WYTH	14(a)	-	-	-	(27,918)	-	-	-	-	(27,918)	1,279,362	1,251,444
Final 2016 dividend declared	-	-	-	-	-	-	-	-	(96,444)	(96,444)	-	(96,444)
At 30 September 2016	192,885	1,435,381*	306,353*	5,289*	(27,918)*	2,868*	6,680*	(259,048)*	3,006,728*	4,669,218	1,862,839	6,532,057

\* These reserve accounts comprise the consolidated reserves of HK\$4,476,333,000 (31 March 2016: HK\$4,364,385,000) in the consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2016

		Six months ended 30 September	
	Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Additions of properties under development		(124,648)	(63,848)
Other cash generated from/(used in) other operating activities		(200,334)	278,439
Profits tax paid		(26,560)	(100,006)
Net cash flows from/(used in) operating activities		(351,542)	114,585
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		1,818	3,917
Investment in an associate		–	(57,464)
Step acquisition of WYTH	14(a)	420,287	–
Disposal of subsidiaries	14(b)	(769)	–
Additions of investment properties		(67)	(873)
Purchase of financial assets at fair value through profit or loss		(19,860)	(162,659)
Purchases of available-for-sale investments		(44,682)	–
Proceeds from disposal of investment properties		10,973	28,684
Proceeds from disposal of financial assets at fair value through profit or loss		19,803	–
Other cash flows used in investing activities		(1,953)	(2,687)
Net cash flows from/(used in) investing activities		385,550	(191,082)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the WOP Spin-Off	14(c)	328,890	–
Interest paid		(22,215)	(22,981)
Dividends paid		(96,444)	(65,249)
Repayment of bank loans		(67,693)	(158,695)
New bank and other loans		390,163	42,315
Net cash flows from/(used in) financing activities		532,701	(204,610)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		566,709	(281,107)
Effect of foreign exchange rate changes, net		1,288,084	1,046,987
		92	22
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,854,885</b>	<b>765,902</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Six months ended 30 September 2016

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,854,885	765,902
Less: included in assets classified as held for sale	–	(1,200)
	<b>1,854,885</b>	<b>764,702</b>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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30 September 2016

## 1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“**HKS**”) and all values are rounded to the nearest thousand except when otherwise indicated.

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

30 September 2016

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial statements.

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

### 3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment engages in investment and the trading of car parking spaces, industrial and commercial premises and residential units for rental or for sale;
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;
- (d) the provision of finance segment engages in money lending and investments in debt securities; and

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

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30 September 2016

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

- (e) the pharmaceutical segment engages in production and sale of pharmaceutical and health food products *(note)*.

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

During the year ended 31 March 2016, Management decided to amend the format of management information by excluding the fair value gains/losses arising from financial assets at fair value through profit or loss from reportable segments for the purpose of assessing the performance of the operating segments. Management is of the view that the gains/losses arising from such investments are not related to the principal activities of each operating segment and therefore, they should be included as a corporate item under the reconciliation section. Comparative figures have been restated to conform to the current period's presentation.

*Note:* Upon the completion of the Step Acquisition of Wai Yuen Tong Medicine Holdings Limited ("WYTH") (as hereinafter defined), as further detailed in note 14(a) to the condensed consolidated financial statements, the production and sale of pharmaceutical and health food products is designated by the board of directors as one of the principal activities of the Group. Moreover, as the completion of Step Acquisition of WYTH (as hereinafter defined) was close to the six months ended 30 September 2016, WYTH and its subsidiaries (collectively, the "WYTH Group") did not contribute any revenue to the condensed consolidated profit for the six months ended 30 September 2016 and the results of the production and sale of pharmaceutical and health food products business will be separately reviewed and evaluated for management reporting purpose under the pharmaceutical segment during the year ending 31 March 2017.

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

30 September 2016

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

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

#### Reportable segment information

Six months ended 30 September

	Property development		Property investment		Chinese wet markets		Provision of finance		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Unaudited) HK\$'000									
<b>Segment revenue:</b>										
Sales to external customers	47,822	520,446	18,727	22,584	96,939	85,236	44,074	30,675	207,562	658,941
Other revenue	3,327	2,871	8,088	46,004	6,485	6,505	2,650	2,899	20,550	58,279
<b>Total</b>	<b>51,149</b>	<b>523,317</b>	<b>26,815</b>	<b>68,588</b>	<b>103,424</b>	<b>91,741</b>	<b>46,724</b>	<b>33,574</b>	<b>228,112</b>	<b>717,220</b>
<b>Segment results</b>	<b>10,843</b>	<b>99,153</b>	<b>16,796</b>	<b>56,074</b>	<b>8,490</b>	<b>16,127</b>	<b>41,681</b>	<b>30,838</b>	<b>77,810</b>	<b>202,192</b>
<i>Reconciliation:</i>										
Bank interest income									1,818	3,917
Finance costs									(7,055)	(13,035)
Fair value losses of financial assets at fair value through profit or loss, net									(106,270)	(45,901)
Corporate and unallocated income									1,079,549	202
Corporate and unallocated expenses									(592,263)	(25,068)
Share of profits and losses of:										
Joint ventures									5,724	1,478
Associates									(8,447)	40,149
Profit before tax									450,866	163,934
Income tax expense									(2,984)	(23,717)
<b>Profit for the period</b>									<b>447,882</b>	<b>140,217</b>

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

30 September 2016

### 4. OTHER INCOME AND GAINS, NET

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

	Notes	Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Other income</b>			
Bank interest income		1,818	3,917
Imputed interest income from bonds investment		2,089	1,888
Dividend income from listed securities		937	500
Forfeiture of deposits		2,491	2,461
Others		7,159	7,532
		<b>14,494</b>	<b>16,298</b>
<b>Gains, net</b>			
Gain on disposal of subsidiaries	14(b)	17,042	703
Gain on bargain purchase	14(a)	1,062,060	–
		<b>1,079,102</b>	<b>703</b>
Other income and gains, net		<b>1,093,596</b>	<b>17,001</b>

### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on bank and other loans	31,887	31,165
Less: interest capitalised	(24,832)	(18,130)
	<b>7,055</b>	<b>13,035</b>

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

30 September 2016

### 6. PROFIT BEFORE TAX

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

		Six months ended 30 September	
		2016	2015
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Cost of services provided		85,552	70,528
Cost of properties sold		25,237	348,967
Depreciation		4,511	3,227
Amount utilised for onerous contracts, net		–	(1,651)
Losses on disposals of investment properties, net*		537	977
Loss on re-measurement of pre-existing interest in WYTH to acquisition date fair value*	14(a)	550,445	–
Transaction costs incurred for Step Acquisition of WYTH*	14(a)	2,220	–
Impairment of trade receivables, net*		–	96
Foreign exchange difference, net		29	1,654
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		2,442	1,583

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

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

30 September 2016

### 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The Group's subsidiaries established in the People's Republic of China, had no assessable profits during the period.

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current – Hong Kong	6,439	18,925
Deferred	(3,455)	4,792
Total tax charge for the period	<b>2,984</b>	23,717

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

The calculation of the basic earnings per share amount for the six months ended 30 September 2016 is based on the profit attributable to ordinary equity holders of the parent of HK\$454,238,000 (six month ended 30 September 2015: HK\$140,520,000), and the weighted average number of ordinary shares of 19,288,520,047 (six months ended 30 September 2015: 19,575,375,487) in issue during the six months ended 30 September 2016.

The calculation of the diluted earnings per shares amounts is based on the profit for the period attributable to ordinary equity holders of the parent, as adjusted to reflect the effect of the deemed exercise of all outstanding share options into ordinary shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares issue during the period, as used in basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding share options into ordinary shares.

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

30 September 2016

### 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2016.

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	454,238	140,520

	Number of shares	
	2016 (Unaudited)	2015 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	19,288,520,047	19,575,375,487
Effect of dilution – weighted average number of ordinary shares: Share options	–	47,598
Weighted average number of ordinary shares, used in diluted earnings per share calculation	19,288,520,047	19,575,423,085

### 9. INTERIM DIVIDEND

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interim dividend – HK0.1 cent (2015: HK0.1 cent) per ordinary share	19,289	19,576

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

30 September 2016

### 10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 30 September 2016, the Group incurred HK\$2,890,000 (six months ended 30 September 2015: HK\$13,085,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2016, the Group incurred HK\$149,480,000 (six months ended 30 September 2015: HK\$81,978,000) on the additions of properties under development.

### 11. TRADE RECEIVABLES

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

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Within 90 days	86,043	9,295
91 days to 180 days	28,336	1
Over 180 days	32,375	359
	146,754	9,655
Less: impairment	(217)	(217)
	146,537	9,438

The credit period generally ranges from 15 to 120 days. Each customer has a maximum credit limit. 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 September 2016

### 12. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	Notes	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Assets classified as held for sale</b>			
Assets of a company classified as held for sale			
– Easy Verse Group	(i)	–	9,969
<b>Non-current assets held for sale</b>			
– Investment properties	(ii)	210,570	216,090
		<b>210,570</b>	<b>226,059</b>
<b>Liabilities directly associated with assets classified as held for sale</b>			
Liabilities of a company classified as held for sale			
– Easy Verse Group	(i)	–	(1,471)

Notes:

- (i) On 31 March 2016, the Group entered into a subscription agreement with an independent third party (the “**Joint Venture Partner**”) for the establishment of a joint venture, which is named as Guangdong Meat Food Group Limited (“**GMFG**”). Pursuant to the subscription agreement, the Group will transfer its entire interest in Easy Verse Limited, together with its wholly owned subsidiary, Greatest Wealth Limited (“**Greatest Wealth**”) (collectively, the “**Easy Verse Group**”), to GMFG in exchange for 30% equity interest in GMFG. The remaining 70% equity interest in GMFG is held by the Joint Venture Partner. Easy Verse Group is principally engaged in retail of pork in Hong Kong. The transaction was completed on 1 April 2016. Further details of the transaction are included in note 14(b) to the condensed consolidated financial Statements.

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

30 September 2016

### 12. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Notes: *(continued)*

(i) *(continued)*

The assets and liabilities of the Easy Verse Group (excluding inter-company loan which is eliminated on consolidation) as at 31 March 2016 are as follows:

	HK\$'000
<hr/>	
<i>Assets</i>	
Plant and equipment	1,372
Goodwill	5,214
Inventories	8
Prepayments, deposits and other receivables	2,224
Intangible assets	346
Trade receivables	36
Cash and cash equivalents	769
<hr/>	
Assets classified as held for sale	9,969
<hr/>	
<i>Liabilities</i>	
Other payables and accruals	(1,448)
Deferred tax liabilities	(23)
<hr/>	
Liabilities directly associated with the assets classified as held for sale	(1,471)
<hr/>	
Net assets directly associated with the disposal group	8,498
<hr/>	

(ii) As at 30 September 2016, the Group has committed to a plan to sell certain investment properties with an aggregate carrying value of HK\$210,570,000. The directors of the Company expected that the sale of these investment properties will be completed within one year.

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

30 September 2016

### 13. TRADE PAYABLES

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

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Within 90 days	89,661	52,444
91 days to 180 days	11,935	–
Over 180 days	1,082	–
	<b>102,678</b>	52,444

The trade payables are non-interest bearing and are normally settled on terms 30 to 60 days. The carrying amounts of the trade payables approximate to their fair values.

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Step Acquisition of WYTH

On 29 September 2016, WYTH completed a rights issue on the basis of three rights shares for every one WYTH share at HK\$0.43 per share (the “**WYTH Rights Issue**”). As a result of the Group’s provisional entitlement as aggregated with an excess application in the WYTH Rights Issue, 579,492,205 WYTH shares were allotted to the Group and the Group’s interest in WYTH increased from approximately 22.08% to approximately 51.32%, and WYTH became a subsidiary of the Company (the “**Step Acquisition of WYTH**”) and the results of WYTH Group is consolidated into the Group’s financial statements commencing from the acquisition date.

The Group accordingly remeasured the fair value of its previously held equity interest in WYTH at the acquisition date and recognised the resulting loss of HK\$550,445,000 on remeasurement of the Group’s pre-existing interest in WYTH to acquisition date fair value and included such loss in “Other expenses” in the condensed consolidated statement of profit or loss and other comprehensive income.

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

30 September 2016

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### (a) Step Acquisition of WYTH *(Continued)*

The aggregate provisional fair values of the identifiable assets and liabilities of WYTH Group as at the acquisition date are as follows:

	Provisional fair values recognised on acquisition date HK\$'000
Investment properties	481,800
Property, plant and equipment	785,214
Investments in associates	90,619
Trademarks	68,991
Available-for-sale investments	720,000
Deposit paid	121,533
Deferred tax assets	10,837
Inventories	228,109
Trade receivables	144,206
Interests receivables	24,842
Prepayment, deposit and other receivables	67,290
Financial assets at fair value through profit or loss	131,462
Tax recoverable	2,053
Cash and cash equivalents	669,470
Trade payables	(63,131)
Other payables and accruals	(78,188)
Interest-bearing bank loans	(773,750)
Deferred tax liabilities	(37,595)
<b>Total identifiable net assets at fair value</b>	<b>2,593,762</b>
Treasury shares <i>(note)</i>	27,918
	2,621,680
Non-controlling interests	(1,279,362)
	1,342,318
Gain on bargain purchase	(1,062,060)
	280,258
Satisfied by:	
Cash	249,183
Fair value of pre-existing interest in WYTH at the date of acquisition	31,075
	280,258

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

30 September 2016

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### (a) Step Acquisition of WYTH *(Continued)*

*Note:* As at the acquisition date, WYTH Group held 423,000,000 shares of the Company and the fair value of the Company's shares held by WYTH Group was HK\$27,918,000. The fair value of WYTH Group's interest in the Company was then reclassified to treasury shares.

The transaction costs of HK\$2,220,000 incurred for the Step Acquisition of WYTH were expensed off and included in "Other expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair values of the identifiable assets and liabilities of the Step Acquisition of WYTH and the gain on bargain purchase then arising are determined on a provisional basis as the Group is in the process of completing the independent valuation. They may be adjusted upon the completion of the initial accounting year which shall not exceed one year from the acquisition date.

An analysis of the cash flows in respect of the Step Acquisition of WYTH is as follows:

	HK\$'000
Cash consideration	(249,183)
Cash and cash equivalents acquired	669,470
Net inflow of cash and cash equivalents included in cash flows from investing activities	420,287
Transaction costs of the Step Acquisition of WYTH included in cash flows from operating activities	(2,220)
	418,067

Since the completion of the Step Acquisition of WYTH on 29 September 2016, the WYTH Group did not contribute any revenue and contributed a loss of HK\$2,175,000 included in the condensed consolidated profit for the six months ended 30 September 2016.

Had the Step Acquisition of WYTH taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been HK\$587,524,000 and HK\$417,553,000, respectively.

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

30 September 2016

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### (b) Disposal of subsidiaries

Details of the net assets of the Easy Verse Group disposed of and their financial impacts are summarised as follows:

	HK\$'000
Net assets disposal of:	
Plant and equipment	1,372
Goodwill	5,214
Inventories	8
Prepayments, deposits and other receivables	2,224
Intangible assets	346
Trade receivables	36
Cash and cash equivalents	769
Other payables and accruals	(1,448)
Deferred tax liabilities	(23)
	8,498
Gain on disposal of subsidiaries	17,042
	25,540
Satisfied by:	
Fair value of 30% equity interest in GMFG	15,599
Financial assets at fair value through profit or loss <i>(note)</i>	9,941
	25,540

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK\$'000
Cash consideration	–
Cash and cash equivalents disposed of	(769)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(769)

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

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30 September 2016

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### (b) Disposal of subsidiaries *(Continued)*

*Note:* The amount represented the fair value of (i) the profit guarantee (the “**Profit Guarantee**”) provided by the Joint Venture Partner to the Group in respect of the establishment of GMFG for the year ending 31 March 2017, 2018, 2019 and 2020, and pursuant to which the Joint Venture Partner will compensate the Group for any shortfall between the guaranteed profits and actual profits for the relevant years; and (ii) the call option (the “**Call Option**”) granted by the Joint Venture Partner to the Group to acquire an additional 19% equity interest in GMFG at a consideration of HK\$1, which is exercisable at any time within the first 4 years after the establishment of GMFG and the submission of a listing application by GMFG for the listing of the shares of GMFG on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Profit Guarantee and Call Option were initially recognised in the condensed consolidated statement of financial position at the date of acquisition at fair value.

#### (c) Deemed partial disposal of interest in subsidiaries

On 12 April 2016, the Group has successfully spun off its property development and property investment business through a separate listing of its then wholly-owned subsidiary, Wang On Properties (“**WOP**”), on the Main Board of Stock Exchange (the “**WOP Spin-Off**”). The WOP Spin-Off was achieved by capitalisation issue of 1,139,900,000 shares and share offering of 380,000,000 shares at an issue price of HK\$0.92 per share (the “**WOP Offering**”).

Immediately following the completion of the WOP Spin-Off, the Group’s equity interest in WOP was diluted from 100% to 75% and thus the WOP Spin-Off is considered as a deemed partial disposal of WOP by the Group. Since the deemed partial disposal of WOP did not result in any loss of control, such transaction was accounted for as an equity transaction and the difference between the proceeds from the WOP Offering and the 25% carrying value of WOP and its subsidiaries (collectively the “**WOP Group**”) amounted to HK\$259,048,000 is recognised in the capital reserve of the Group.

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

30 September 2016

### 14. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### (c) Deemed partial disposal of interest in subsidiaries *(Continued)*

Details of the net assets of the WOP Group disposed of and their financial impacts are summarised as follows:

	HK\$'000
Net assets disposed to non-controlling interests	591,136
Loss on deemed partial disposal of interest in WOP	(259,048)
	332,088
Add: Share issue expenses	17,512
	349,600
Satisfied by cash	349,600

An analysis of the cash flows in respect of the deemed disposal of partial interest in WOP is as follows:

	HK\$'000
Cash consideration in respect of the deemed partial disposal of interest in WOP	349,600
Less: legal and professional fee paid	(20,710)
Net inflow of cash and cash equivalents in respect of the deemed partial disposal of interest in WOP	328,890

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 September 2016

### 15. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

The Group leases its investment properties and sub-leases Chinese wet markets under operating lease arrangements, with leases negotiated for terms ranging from one month to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Within one year	<b>210,946</b>	207,361
In the second to fifth years, inclusive	<b>174,162</b>	218,850
	<b>385,108</b>	426,211

#### (b) As lessee

The Group leases certain of its office properties, Chinese wet markets and retail shops under operating lease arrangements. Leases are negotiated for terms ranging from two to six years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Within one year	<b>197,324</b>	124,472
In the second to fifth years, inclusive	<b>436,692</b>	373,503
After five years	<b>80,306</b>	122,443
	<b>714,322</b>	620,418

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

30 September 2016

### 16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Contracted, but not provided for:		
Properties under development	<b>1,217,338</b>	127,543
Property, plant and equipment	<b>47,038</b>	–
	<b>1,264,376</b>	127,543

### 17. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

#### (a) Transactions with related parties

	<i>Notes</i>	<b>Six months ended 30 September 2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
Rental income received from a director*	<i>(i)</i>	<b>600</b>	600
Rental expenses paid to a company in which a director of the Company is a controlling shareholder	<i>(ii)</i>	<b>150</b>	150
Transactions with WYTH Group#			
– Rental income	<i>(ii)</i>	<b>5,100</b>	5,513
– Rental expenses paid	<i>(ii)</i>	<b>1,371</b>	1,031
– Purchases of products	<i>(iii)</i>	<b>2,011</b>	2,653

\* The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# WYTH Group ceased to be a related party of the Group since 29 September 2016 upon completion of the Step Acquisition of WYTH.

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

30 September 2016

### 17. RELATED PARTY TRANSACTIONS *(Continued)*

#### (a) Transactions with related parties *(Continued)*

Notes:

- (i) A property of the Group was leased to a director at a monthly rental of HK\$100,000 (six months ended 30 September 2015: HK\$100,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related party.
- (iii) The purchases from WYTH Group were made according to the published prices and conditions offered by WYTH Group to customers.

#### (b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employment benefits	2,779	9,233
Post-employment benefits	36	54
	<b>2,815</b>	<b>9,287</b>

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

30 September 2016

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amount of the fair values of the Group's financial instruments, other than those carrying amounts that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair values	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	378,829	343,639	378,829	343,639
Available-for-sale investments	1,307,017	515,420	1,307,017	515,420
Loans and interest receivables	429,710	286,818	429,710	286,818
	2,115,556	1,145,877	2,115,556	1,145,877
<b>Financial liabilities</b>				
Interest-bearing bank and other loans	3,306,496	2,208,788	3,306,496	2,208,788

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: based on valuation techniques for which the lowest level inputs that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

30 September 2016

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Assets measured at fair value:

As at 30 September 2016

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale investments:				
Debt investments	–	57,273	1,249,744	1,307,017
Financial assets at fair value through profit or loss:				
Equity investments	318,131	51,232	–	369,363
Derivative financial instruments	–	–	9,466	9,466
	<b>318,131</b>	<b>108,505</b>	<b>1,259,210</b>	<b>1,685,846</b>

As at 31 March 2016

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale investments:				
Debt investments	–	11,969	503,451	515,420
Financial assets at fair value through profit or loss:				
Equity investments	289,992	53,647	–	343,639
	<b>289,992</b>	<b>65,616</b>	<b>503,451</b>	<b>859,059</b>

The Group did not have any financial liabilities measured at fair value as at 30 September 2016 and 31 March 2016.

During the six months ended 30 September 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2015: Nil).

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

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30 September 2016

### **19. EVENTS AFTER REPORTING PERIOD**

- (i) On 4 November 2016, a subsidiary of the Group entered into a provisional sale and purchase agreement with World Success Corporation Limited, an independent third party, to acquire a property in Hong Kong at a cash consideration of HK\$83,300,000. The transaction is expected to be completed in December 2016.
  
- (ii) On 7 November 2016, a subsidiary of the Group entered into a sale and purchase agreement with Thing On Group Limited, an independent third party, to acquire the entire interest in Fession Group Limited, which has a subsidiary incorporated in Hong Kong and holding a commercial property in Hong Kong, at a consideration of HK\$512,225,000. The transaction is expected to be completed in January 2017.

### **20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 November 2016.