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WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	FY2021 (Unaudited)	FY2020 (Unaudited) (Restated)	Change
Revenue *(HK$ in million)*	**892**	988	↓ 9.7%
Net profit attributable to owners of the parent *(HK$ in million)*	**46**	103	↓ 55.3%
EPS *(HK cents)*			
— Basic and diluted	**0.31**	0.60	↓ 48.3%
	As at 30.9.2021 (Unaudited)	As at 31.3.2021 (Audited)	
Net asset value *(HK$ in million)*	**9,986**	9,969	↑ 0.2%
NAV per share *(HK$)*	**0.60**	0.60	—%
Gearing ratio	**59.9%**	54.6%	↑ 5.3%

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
REVENUE			
Revenue from contracts with customers	*5*	**575,652**	721,544
Interest income from treasury operation	*5*	**87,893**	92,393
Revenue from other sources	*5*	**228,583**	173,946
Total revenue		**892,128**	987,883
Cost of sales		**(430,189)**	(490,800)
Gross profit		**461,939**	497,083
Other income and gains, net	*5*	**66,748**	99,678
Selling and distribution expenses		**(131,163)**	(129,808)
Administrative expenses		**(298,375)**	(227,636)
Reversal of impairment losses/(impairment losses) on financial assets, net		**(37,004)**	16,802
Other expenses		**(57,362)**	(14,727)
Finance costs	*6*	**(110,698)**	(125,692)
Fair value losses of financial assets and liabilities at fair value through profit or loss, net		**(31,345)**	(22,643)
Fair value gains on investment properties, net		**59,266**	19,339
Share of profits and losses of:			
Joint ventures		**211,645**	53,513
Associates		**59**	4,656
PROFIT BEFORE TAX	*7*	**133,710**	170,565
Income tax expense	*8*	**(23,389)**	(66,472)
PROFIT FOR THE PERIOD		**110,321**	104,093

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(107,863)**	(6,501)
Reclassification adjustments for (gains)/losses included in profit or loss		
— Impairment losses/(reversal of impairment losses)	**31,516**	(2,086)
— Loss/(gain) on disposal/redemption, net	**(24,204)**	6,253
	(100,551)	(2,334)
Exchange differences on translation of foreign operations	**52,658**	111,094
Other reserves:		
Share of other comprehensive income of joint ventures	**1,881**	6,361
Share of other comprehensive income of associates	**—**	9,977
	1,881	16,338
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(46,012)**	125,098
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Fair value adjustment upon transfer from owner-occupied property to investment property, net of tax	**—**	76,685
Share of other comprehensive loss of an associate	**—**	(868)
Equity investments at fair value through other comprehensive income — changes in fair value, net of tax	**11,047**	121,513
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**11,047**	197,330
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(34,965)**	322,428
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**75,356**	426,521

	Note	Six months ended 30 September **2021** **(Unaudited)** ***HK$'000***	2020 (Unaudited) *HK$'000* (Restated)
Profit attributable to:			
Owners of the parent		**46,494**	102,911
Non-controlling interests		**63,827**	1,182
		110,321	104,093
Total comprehensive income attributable to:			
Owners of the parent		**11,397**	342,112
Non-controlling interests		**63,959**	84,409
		75,356	426,521
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		(Restated)
Basic and diluted		**HK0.31 cents**	HK0.60 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

	Notes	**30 September 2021 (Unaudited) *HK$'000***	31 March 2021 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,312,213**	1,313,246
Investment properties		**4,143,669**	4,588,305
Properties under development		**2,366,640**	1,594,960
Investments in joint ventures		**1,855,851**	2,324,842
Investments in associates		**38,891**	2,832
Financial assets at fair value through other comprehensive income		**416,284**	444,298
Financial assets at fair value through profit or loss		**181,351**	119,115
Loans and interest receivables	*11*	**20,177**	31,553
Prepayments, other receivables and other assets		**374,612**	319,648
Deferred tax assets		**9,562**	9,337
Total non-current assets		**10,719,250**	10,748,136
CURRENT ASSETS			
Properties under development		**3,528,978**	3,394,705
Properties held for sale		**2,241,438**	2,351,266
Inventories		**176,396**	162,670
Trade receivables	*12*	**100,559**	71,208
Loans and interest receivables	*11*	**479,737**	571,362
Prepayments, other receivables and other assets		**628,232**	510,678
Cost of obtaining contracts		**58,710**	68,022
Financial assets at fair value through other comprehensive income		**246,985**	398,892
Financial assets at fair value through profit or loss		**349,703**	342,714
Tax recoverable		**37,490**	41,060
Pledged deposit		**30,131**	—
Restricted bank balances		**21,547**	22,302
Cash and cash equivalents		**1,544,383**	1,707,994
		9,444,289	9,642,873
Assets classified as held for sale		**585,987**	54,900
Total current assets		**10,030,276**	9,697,773

	Note	30 September 2021 (Unaudited) HK$'000	31 March 2021 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	13	**111,392**	104,883
Other payables and accruals		**966,816**	1,077,081
Contract liabilities		**500,083**	598,078
Financial liabilities at fair value through profit or loss		**2,953**	5,392
Interest-bearing bank and other borrowings		**3,124,676**	3,269,339
Convertible notes		**134,484**	131,901
Tax payable		**148,917**	256,868
		4,989,321	5,443,542
Liabilities classified as held for sale		**200,301**	—
Total current liabilities		**5,189,622**	5,443,542
NET CURRENT ASSETS		**4,840,654**	4,254,231
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,559,904**	15,002,367
NON-CURRENT LIABILITIES			
Unsecured notes		**209,181**	199,348
Interest-bearing bank and other borrowings		**4,104,567**	3,571,441
Financial liabilities at fair value through profit or loss		**11,766**	13,684
Other payables		**572,729**	540,908
Deferred tax liabilities		**675,325**	708,005
Total non-current liabilities		**5,573,568**	5,033,386
Net assets		**9,986,336**	9,968,981
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**166,575**	166,575
Reserves		**6,239,443**	6,271,482
		6,406,018	6,438,057
Non-controlling interests		**3,580,318**	3,530,924
Total equity		**9,986,336**	9,968,981

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial information does 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 2021.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial information are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

    The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("**HIBOR**") and the RMB base lending rate as at 30 September 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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

The Group has applied practical expedient during the period ended 30 September 2021 to all rent concession granted by lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concession of HK$1,863,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 September 2021.

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

3. ADJUSTMENTS ARISING FROM PRIOR YEAR PROVISIONAL ACCOUNTING

On 26 September 2019, the Group proposed a general offer to acquire a maximum of 54.83% equity interest in China Agri-Products Exchange Limited ("**CAP**") and a maximum of 46.86% of the outstanding principal amount of the convertible notes issued by CAP (the "**CAP Acquisition**"). On 12 February 2020 (the "**Acquisition Date**"), the CAP Acquisition was completed and 5,312,395,685 shares of CAP (representing 53.37% of the issued shares of CAP) were acquired at HK$0.091 each and CAP and its subsidiaries (collectively, the "**CAP Group**") became the subsidiaries of the Group.

The purchase price allocation of the CAP Acquisition and the resulting gain on bargain purchase were determined on a provisional basis for the year ended 31 March 2020. During the year ended 31 March 2021, the Group has finalised the fair value assessment of the identifiable assets and liabilities of the CAP Group (the "**Finalised Assessment**") as of the Acquisition Date.

On 18 January 2021, the Court of First Instance in the High Court of Hong Kong ("**CFI**") handed down a judgement in respect of the acquisition of Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co. Ltd ("**Tian Jiu**") for their respective 70% and 20% interest in Baisazhou Agricultural, pursuant to which CAP is not required to make any payment under the promissory notes to Ms. Wang or Tian Jiu. The trials in the CFI were completed before the Acquisition Date, and the judgement was handed down within one year from the Acquisition Date, which is within the measurement period. As such, on completion of the fair value assessment, retrospective adjustments were made to the provisional amounts related to identifiable liabilities of the CAP Group recognised as of the Acquisition Date.

Consequently, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity for the six months ended 30 September 2020, and certain explanatory notes have been restated to reflect these restatements.

The effects of the adjustments arising from the Finalised Assessment described above on profit or loss for the period ended 30 September 2020 by line items were as follows:

Impact on profit and total comprehensive income for the prior period:

	Six months ended 30 September 2020 *HK$'000*
Adjustments arising from the Finalised Assessment:	
Decrease in finance costs	11,750
Increase in profit and total comprehensive income for the period	11,750
Net increase in profit and total comprehensive income attributable to:	
Owners of the parent	3,642
Non-controlling interests	8,108
	11,750

Impact on basic and diluted earnings per share:

	Six months ended 30 September 2020 *HK cents*
Basic and diluted earnings per share, as originally reported	0.58
Adjustment arising from the Finalised Assessment	0.02
Basic and diluted earnings per share, as restated	0.60

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) the fresh markets segment engages in the management and sub-licensing of fresh markets and butchery business which also includes management of agricultural produce exchange markets in Mainland China;

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

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

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

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Fresh markets		Pharmaceutical		Treasury management		Elimination		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
														(Restated)
Segment revenue *(Note 5)*:														
Sales to external customers	**190,600**	354,382	**11,019**	11,760	**334,266**	302,637	**254,226**	226,076	**102,017**	93,028	**—**	—	**892,128**	987,883
Intersegment sales	**—**	—	**6,683**	6,197	**—**	—	**3,970**	3,282	**—**	—	**(10,653)**	(9,479)	**—**	—
Other revenue	**15,839**	15,641	**43,325**	34,747	**378**	4,795	**—**	—	**146**	27	**—**	—	**59,688**	55,210
Total	**206,439**	370,023	**61,027**	52,704	**334,644**	307,432	**258,196**	229,358	**102,163**	93,055	**(10,653)**	(9,479)	**951,816**	1,043,093
Segment results	**125,393**	59,608	**176,510**	134,675	**56,808**	48,694	**(24,755)**	(13,440)	**9,344**	103,746			**343,300**	333,283
Reconciliation:														
Bank interest income													**2,034**	4,393
Finance costs													**(110,698)**	(125,692)
Fair value losses of financial assets and liabilities at fair value through profit or loss, net													**(31,345)**	(22,643)
Corporate and unallocated income and (expenses), net													**(69,581)**	(18,776)
Profit before tax													**133,710**	170,565
Income tax expense													**(23,389)**	(66,472)
Profit for the period													**110,321**	104,093

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Sale of properties	**190,600**	354,382
Sale of goods	**285,428**	278,958
Commission income from agricultural produce exchange markets	**49,253**	67,134
Agricultural produce exchange markets ancillary services	**50,371**	21,070
	575,652	721,544
Interest income		
Interest income from treasury operation	**87,893**	92,393
Revenue from other sources		
Sub-licensing fee income	**100,627**	92,229
Gross rental income from investment properties operating leases	**113,832**	81,082
Dividend income from financial assets	**9,720**	635
Gain on disposal of financial assets at fair value through profit or loss held for trading	**4,404**	—
	228,583	173,946
	892,128	987,883

Disaggregated revenue information for revenue from contracts with customers

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

For the six months ended 30 September 2021

Segments

	Property development *HK$'000* **(Unaudited)**	**Pharmaceutical** *HK$'000* **(Unaudited)**	**Fresh Markets** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Types of goods or services				
— Sales of properties	**190,600**	**—**	**—**	**190,600**
— Sales of goods	**—**	**254,226**	**31,202**	**285,428**
— Commission income from agricultural produce exchange markets	**—**	**—**	**49,253**	**49,253**
— Agricultural produce exchange markets ancillary services	**—**	**—**	**50,371**	**50,371**
Total revenue from contracts with customers	**190,600**	**254,226**	**130,826***	**575,652**

For the six months ended 30 September 2020

Segments

	Property development *HK$'000* (Unaudited)	Pharmaceutical *HK$'000* (Unaudited)	Fresh Markets *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Types of goods or services				
— Sales of properties	354,382	—	—	354,382
— Sales of goods	—	226,076	52,882	278,958
— Commission income from agricultural produce exchange markets	—	—	67,134	67,134
— Agricultural produce exchange markets ancillary services	—	—	21,070	21,070
Total revenue from contracts with customers	354,382	226,076	141,086*	721,544

* Sub-licensing fee income and gross rental income from investment property operating leases of HK$100,627,000 (six months ended 30 September 2020: HK$92,229,000) and HK$102,813,000 (six months ended 30 September 2020: HK$69,322,000), respectively that were attributable to the fresh markets segment of the Group were not included in the above disclosure.

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

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income		
Bank interest income	**2,034**	4,393
Management fee income	**6,947**	7,882
Forfeiture of deposits from customers	**580**	4,050
Government subsidies	**799**	8,941
Others	**39,869**	32,219
	50,229	57,485
Gains, net		
Gain on disposal of subsidiaries	**16,038**	30,800
Gain on termination of lease contracts	**52**	11,292
Exchange gains, net	**429**	101
	16,519	42,193
Other income and gains, net	**66,748**	99,678

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans and other borrowings	**95,584**	98,636
Interest on lease liabilities	**22,721**	25,160
Interest on unsecured bonds	**11,279**	10,331
Interest on convertible notes	**7,648**	14,504
Less: interest capitalised	**(26,534)**	(22,939)
	110,698	125,692

7. PROFIT BEFORE TAX

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

	Six months ended 30 September 2021 (Unaudited) *HK$'000*	Six months ended 30 September 2020 (Unaudited) *HK$'000*
Cost of services provided**	**135,195**	129,018
Cost of properties sold**	**161,217**	228,312
Cost of inventories sold**	**169,923**	155,048
Depreciation of owned assets	**46,176**	38,580
Depreciation of right-of-use assets	**33,118**	19,591
Loss on disposals of investment properties, net*	**—**	208
Loss on disposals of property, plant and equipment*	**5**	—
Gain on termination of lease contracts	**(52)**	(11,292)
Fair value gains on sub-leased investment properties**	**(36,272)**	(23,869)
Gain on disposal of subsidiaries	**(16,038)**	(30,800)
Impairment/(reversal of impairment) of items of property, plant and equipment*	**(8,018)**	6,576
Write-down of properties held for sale to net realisable value*	**—**	1,690
Loss on disposal/redemption of financial assets at fair value through other comprehensive income, net*	**65,375**	6,253
Impairment/(reversal of impairment) on financial assets, net:		
Debt investments at fair value through other comprehensive income, net	**31,741**	(2,086)
Trade and other receivables, net	**(656)**	(2,124)
Loans and interest receivables, net	**5,942**	(12,592)
	37,027	(16,802)
Foreign exchange difference, net	**(429)**	(101)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties**	**126**	2,291

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

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

Note:

Wage subsidies of HK$19,909,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to August 2020 have been received during the six months ended 30 September 2020. The amount was recognised in profit or loss and had been offset with the employee benefit expenses.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong	**5,557**	26,376
Current — other jurisdiction	**61,453**	33,360
Deferred	**(43,621)**	6,736
Total tax charge for the period	**23,389**	66,472

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

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

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2021 as the convertible notes issued by CAP outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2020 in respect of a dilution as the impact of share options outstanding had no dilutive effect, and the convertible notes issued by CAP outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**46,494**	102,911

	Number of shares	
	2021	2020
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**16,657,520**	17,397,520
Less: Weighted average number of treasury shares	**(1,716,749)**	(423,000)
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**14,940,771**	16,974,520

10. INTERIM DIVIDEND

On 23 November 2021, the Board declared an interim cash dividend of HK0.1 cent per share (six months ended 30 September 2020: HK0.1 cent per share), totalling HK$16,658,000 (six months ended 30 September 2020: HK$17,398,000).

11. LOANS AND INTEREST RECEIVABLES

		30 September 2021	31 March 2021
		(Unaudited)	(Audited)
	Notes	***HK$'000***	*HK$'000*
Loans and interest receivables, secured	*(i)*	**487,322**	586,400
Loans and interest receivables, unsecured	*(ii)*	**83,883**	80,809
		571,205	667,209
Less: Impairment allowance		**(71,291)**	(64,294)
		499,914	602,915
Less: Loans and interest receivables classified as non-current assets		**(20,177)**	(31,553)
Current portion		**479,737**	571,362

Notes:

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 8% to 36% (31 March 2021: 8% to 36%). The credit terms of these loans receivable range from 3 months to 10 years (31 March 2021: 3 months to 10 years). The carrying amounts of these loans receivable approximate to their fair values.

(ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 1% to 15% (31 March 2021: 1% to 15%). The credit terms of these loans receivable range from 6 months to 72 months (31 March 2021: 6 months to 72 months). The carrying amounts of these loans receivable approximate to their fair values.

12. TRADE RECEIVABLES

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Trade receivables	**121,088**	92,070
Less: impairment	**(20,529)**	(20,862)
	100,559	71,208

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

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

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Within 1 month	**46,430**	41,770
1 to 3 months	**26,820**	9,596
3 to 6 months	**16,564**	10,167
Over 6 months	**10,745**	9,675
	100,559	71,208

13. TRADE PAYABLES

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

	30 September 2021	31 March 2021
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**47,298**	47,813
1 to 3 months	**16,711**	9,039
3 to 6 months	**5,454**	9,073
Over 6 months	**41,929**	38,958
	111,392	104,883

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2020: HK0.1 cent) per ordinary share for the six months ended 30 September 2021. The interim dividend will be payable on or around Tuesday, 11 January 2022 to those shareholders whose names appear on the register of members of the Company on Friday, 24 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 22 December 2021 to Friday, 24 December 2021, both days inclusive, during which period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of share(s), accompanied by the relevant share certificate(s) with properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 21 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 September 2021, the Group's revenue and profit attributable to owners of the parent amounted to HK$892.1 million (six months ended 30 September 2020: HK$987.9 million) and HK$46.5 million (six months ended 30 September 2020: HK$102.9 million (restated)), respectively.

Business Review

The Group's revenue for the six months ended 30 September 2021 decreased by 9.7% to HK$892.1 million (six months ended 30 September 2020: HK$987.9 million). The reduction in revenue was mainly due to the decrease in property sales contributed from property development projects with controlling stake. On the other hand, the share of profits of joint ventures have been increased from HK$53.5 million for the six months ended 30 September 2020 to HK$211.6 million for the six months ended 30 September 2021 which was mainly due to the share of profit from two jointly ventures projects, namely "maya" and Altissimo, of approximately HK$141.7 million.

Profit attributable to owners for the six months ended 30 September 2021 was HK$46.5 million (six months ended 30 September 2020: HK$102.9 million (restated)), representing a decrease of 54.8% over the last period, mainly because the losses on disposal of debts instruments at fair value through other comprehensive income, the increase in impairment losses of debts instruments at fair value through other comprehensive income which is partly offsetted by the increase in share of profit recognised from joint ventures. The Group continues to maintain a strong financial position.

As at 30 September 2021, the Group's net assets were HK$9,986.3 million (31 March 2021: HK$9,969.0 million). Its cash resources amounted to HK$2,192.8 million (31 March 2021: HK$2,471.9 million) including cash and bank balances of HK$1,596.1 million (31 March 2021: HK$1,730.3 million) and short-term investments of HK$596.7 million (31 March 2021: HK$741.6 million). In aggregate, the total borrowings as of 30 September 2021 was HK$7,572.9 million (31 March 2021: HK$7,172.0 million) giving the Group a net debt position (total borrowings less cash and bank balances) of HK$5,976.8 million (31 March 2021: HK$5,441.7 million). The review of the individual business segments of the Group is set out below.

Property Development

During the six months ended 30 September 2021, property development segment recorded revenue and segment profit of approximately HK$190.6 million and approximately HK$125.4 million, respectively (six months ended 30 September 2020: approximately HK$354.4 million and approximately HK$59.6 million, respectively).

The above segment revenue and profit represent the Hong Kong residential and commercial property market sales from Wang On Properties Limited ("**WOP**", together with its subsidiaries, collectively the "**WOP Group**") and also the property sales in the PRC, following the acquisition in February 2020 of a controlling interest in China Agri-Products Exchange Limited ("**CAP**" a non-wholly owned listed subsidiary of the Company, together with its subsidiaries, collectively the "**CAP Group**") (the "**CAP Acquisition**") by Wai Yuen Tong Medicine Holdings Limited ("**WYT**", a non-wholly owned listed subsidiary of the Company, together with its subsidiaries, collectively the "**WYT Group**").

No revenue was contributed by the WOP Group during this period as the property development income for the WOP Group in this period was generated from the delivery of remaining units of two joint venture projects, namely "maya" and Altissimo, which have been included as part of the segment results (profit) directly.

During this period, the Group's property development business in the PRC recorded revenue of approximately HK$190.6 million.

maya

"maya" is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the WOP Group and CIFI Holdings (Group) Co. Ltd. ("**CIFI**"). The WOP Group holds a 50% stake in the project. 310 out of 326 units released have been sold, the aggregate sales proceeds amounted to approximately HK$3.9 billion.

Altissimo

The residential project, Altissimo, located at No. 11 Yiu Sha Road, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. 516 of the 547 units released have been sold and the aggregate sales proceeds amounted to approximately HK$5.8 billion. The WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

The Met. Azure (Tsing Yi residential project)

The latest project of "The Met." series, the Met. Azure, which located in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was launched in August 2021. The land has the convenience of easy accessibility, being within only a several-minutes' ride to Tsing Yi MTR Station, and is also connected with major highways linked to Tsing Ma Bridge, Tai Lam Tunnel, and Ting Kau Bridge of Tuen Mun Road. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. 208 out of 320 units released have been sold with contracted sales of approximately HK$967.7 million. The superstructure work is currently undergoing at the site and the units are expected to be delivered in fourth quarter of 2022. The project is wholly-owned by the WOP Group.

Ap Lei Chau Project I

In July 2020, the WOP Group successfully acquired a new redevelopment site located at Nos. 120-126, Main Street, Ap Lei Chau. The site is adjacent to MTR Station Lei Tung. The total attributable gross floor area upon re-development is approximately 37,100 square feet and the project is wholly-owned by the WOP Group. Foundation work is currently undergoing at the site.

Ap Lei Chau Project II

In June 2021, the Group has successfully completed the acquisition of the full ownership of a site located at Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong. The site area and gross floor area is approximately 4,100 square feet and 38,500 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work will commence in the first quarter of 2022. The project is wholly-owned by the WOP Group.

Wong Tai Sin Project

In September 2021, the Group successfully completed the acquisition of a site located at Nos. 26-48 Ming Fung Street, Wong Tai Sin through compulsory sales. The site area and gross floor area are approximately 9,600 square feet and 81,000 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work will commence in the first quarter of 2022. The project is wholly-owned by the WOP Group.

Fortress Hill Project

In October 2020, the WOP Group and CIFI formed a new joint venture, in which CIFI and the WOP Group owned 60% and 40% equity interest, respectively. The joint venture has acquired No. 101 and No. 111 King's Road, Fortress Hill, Hong Kong for a total sum of HK$1.88 billion. The total site area is approximately 12,400 square feet. Sites are situated between North Point commercial area and Victoria Park in Causeway Bay. The sites are positioned at a convenient location within only a few minutes' walk to the Fortress Hill MTR Station. The sites are planned to be re-developed into a residential project with commercial space. This project is in the planning stage.

Tai Kok Tsui project

In January 2021, the WOP Group has successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui through compulsory sale. The gross floor area is approximately 61,500 square feet and the site is currently under foundation work. This project will be re-developed as part of "The Met." series, and is wholly-owned by the WOP Group.

Other projects

The WOP Group is currently working on an urban redevelopment project with over 90% ownership secured. Applications to the court is being made in respect of this project for compulsory sale order under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the WOP Group may not be able to complete the consolidation of the ownership for redevelopment. The total attributable gross floor area upon redevelopment is approximately 93,700 square feet.

As at 31 October 2021, the Group had a development land portfolio in Hong Kong (which is being held through the WOP Group) as follows:

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

Subsequent development after the reporting period

In November 2021, the WOP Group entered into a subscription and shareholders' agreement (the "**Transaction**") with the Stichting Depositary APG Strategic Real Estate Pool ("**APG Partner**"). After the subscription of share, a new joint venture company is formed to engage in acquisition of residential properties in Hong Kong for development and redevelopment for sales. The WOP Group considers the cooperation with the APG Partner presents a good opportunity to leverage on the WOP Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand the business. The Transaction is subject to shareholders' approval. Please refer to the Company and WOP's announcement dated 8 November 2021 for details.

Fresh Markets and Agricultural Produce Exchange Markets

The fresh market and agricultural produce exchange market business segment recorded an increase in revenue by 10.5% to approximately HK$334.3 million (six months ended 30 September 2020: approximately HK$302.6 million), mainly due to the increase in revenue from the CAP Group, as the CAP's produce exchange markets (in particular the Wuhan Baisazhou Agricultural and By-Product Exchange Market (the "**Wuhan Baisazhou Market**")) have been restored and rebounded from the effect of COVID-19 pandemic situation during this reporting period. Moreover, it should also be noted that there are expiry of leases in respect of two Hong Kong fresh markets, namely King Lam and Lei Tung, during this reporting period have partly offset the increase in revenue. Segment result recorded a profit of approximately HK$56.8 million for the six months ended 30 September 2021.

The Group's fresh market and agricultural produce exchange market business has been built over the past two decades. During the period, the Group managed a substantial portfolio of approximately 800 stalls under the "Allmart" brand and "Day Day Fresh" brands of fresh markets in Hong Kong with a total gross floor area of over 200,000 square feet. In order to meet rising customer expectations, the Group strives to offer a more comfortable and spacious shopping environment through well-designed layouts, enhancement works and high quality management services. The Group will continue to strengthen the partnership with its tenants and local communities by launching effective marketing and promotion events, and thereby improving shopping experiences at its fresh markets.

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

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

In May 2019 and July 2019, joint ventures participated by the WOP Group have successfully acquired a retail podium located at Lake Silver in Ma On Shan and a commercial accommodation at The Parkside in Tseung Kwan O respectively. The Group has refurbished part of these properties as fresh markets and taken up the management of the properties under the brand “Day Day Fresh”. The fresh markets have been operating since May 2020 and January 2020, respectively. The Group is confident that its expertise in property investment and fresh market operation shall deliver strong synergy to create unique business value to fuel further growth in this segment.

In October 2019, the Group entered into the butchery business by capturing synergies with its existing fresh market operations. The Group will continue to seize suitable opportunities focusing on building a chain of butchery shops with a strong cash flow and steady operating profit. For the six months ended 30 September 2021, the butchery business generated revenue of approximately HK$28.7 million (six months ended 30 September 2020: approximately HK$42.2 million). Reduction in revenue was mainly due to the ease of the COVID-19 pandemic situation and more dining-out activities during the reporting period. The Group believes that the demand for pork in local diets, combined with the Group’s well established fresh market network, can allow for rapid growth and a relatively low-risk development for this new business. The Group’s target is to continuously expand its butchery business by increasing the number of stores and optimising the operation platform of fresh market and butchery business so as to maximise synergies. As at 30 September 2021, 11 butchery stores were in operation.

In mainland China, the Group operates the fresh market business through its joint venture under the “Huimin” brand in various districts in Shenzhen, Guangdong Province. The joint venture currently manages a portfolio of approximately 800 stalls with a gross floor area of approximately 265,000 square feet, in which approximately 166,000 square feet is owned by the joint venture.

Following the issuance of the urban redevelopment policy by the Shenzhen Government, some of the fresh markets may be affected. Nevertheless, there will be negotiations between local developers and fresh markets operators for compensation as well as swapping locations for continued operations. The Group will continue to closely monitor the latest development, particularly the impact on the land use rights of its fresh market properties.

The Group, through CAP, operates 11 agricultural product exchange markets across five provinces in the PRC. The acquisition of these agricultural product exchange markets expanded significantly the Group's presence in the fresh market and agricultural produce exchange markets segment in the PRC. The CAP Group operates various agricultural produce exchange markets in Hubei Province, Henan, Guangxi Zhuang Autonomous Region, Jiangsu Province and Liaoning Province of the PRC. The outbreak of COVID-19 significantly affected the market performance during early 2020 until around end of April 2020, in particular for these markets in Hubei. As the pandemic began to come under control in the PRC, the performance of these markets returned to normal. Apart from this, both the operating performance and market ranking of the Group's markets illustrated steady progress.

It is worth noting that Wuhan Baisazhou Market, being one of the agricultural product exchange operations of the CAP Group, is one of the largest agricultural produce exchange operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City with a site area of approximately 310,000 square metres and a total gross floor area of approximately 190,000 square metres. In 2021, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets in the PRC by the China Agricultural Wholesale Market Association.

Property Investment

As at 30 September 2021, the Group owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK$1,099.3 million (31 March 2021: approximately HK$1,057.6 million).

During the reporting period, the Group received gross rental income of approximately HK$11.0 million (six months ended 30 September 2020: HK$11.8 million).

In June 2021, the WOP Group and three independent third parties formed a new joint venture group (i.e. the Parkville JV), in which the WOP Group owned 64% of its equity interest. The other three partners are independent third parties to the Group and all their ultimate beneficial owners are experienced investors, namely Mr. Chiu Lon Ronald, Mr. Bryan Taft Southergill and Mr. Choi, Raymond Yat-Hong. The Parkville JV acquired 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and the first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (the "**Parkville Property**") for a consideration of HK$300 million. The Parkville Property has a total gross floor area of 13,858 square feet and is situated at Tuen Mun Heung Sze Wui Road intersecting Luk Yuen Road. It enjoys excellent traffic from one of the busiest roads with well-developed neighborhood. The only 3-minute walk from Tuen Mun MTR Station, Tuen Mun Light Rail Station, Tuen Mun commercial centre, transportation hub with cross border coach terminal and the affiliated large scale shopping mall via footbridge further brings vibrancy and creates prosperity. The Parkville JV will further refurbish the Parkville Property to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increase the future rental value, thereby enhancing the future capital appreciation. Details of this transaction are set out in the joint announcements published by the Company and WOP dated 30 March 2021 and 21 June 2021, respectively.

In September 2021, the Group partnered with an independent third party, Jumbo Holding (BVI) L.P. ("**Jumbo Holding**"), to form a joint venture in which the WOP Group owns 50% equity interest upon completion of share subscription by Jumbo Holding (the "**Jumbo JV**"), to acquire eight stories of carpark podium of Jumbo Court, No.3 Welfare Road, Aberdeen, Hong Kong (the "**Jumbo Property**") for a consideration of HK$410.3 million. Jumbo Holding is a limited partnership established in the British Virgin Islands, with its general partner, AGR X Asia Member GP, L.L.C, being managed by Angelo, Gordon & Co, L.P. ("**AG**"), a well-known U.S. licensed investment manager. The limited partners of Jumbo Holding are investment funds managed by AG with wide investor bases, and all eligible investors are "qualified purchasers" under the U.S. Investment Company Act of 1940. Such investment funds are not single purpose investment funds. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is about a few minutes walking distance from the Wong Chuk Hang MTR Station. Given its proximity to major residential developments and the MTR comprehensive development above the Wong Chuk Hang MTR Station which is scheduled to provide approximately 3.9 million square feet of residential gross floor area in 5,200 units and 510,000 square feet of retail space, it is expected that the Jumbo Property could meet the huge demand for parking spaces once the comprehensive development is completed in phases. The Jumbo JV will renovate the Jumbo Property to optimise the rental return and enhance the capital appreciation. Details of this transaction are set out in the joint announcement published by the Company and WOP dated 23 September 2021.

On 30 July 2021, the WOP Group and its wholly-owned subsidiary entered into the provisional agreement in relation to the disposal of (a) the entire issued share capital and (b) the shareholder's loan owing by a holding company which holds the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong, at the aggregate consideration of HK$515.0 million subject to adjustment. Subsequently on 16 September 2021, the formal agreement was entered into and the transaction was completed on 26 October 2021. Details of the disposal are disclosed in the joint announcement published by the Company and WOP dated 30 July 2021 and the circular of the Company dated 23 September 2021, respectively.

On 13 August 2021, the WOP Group and its wholly-owned subsidiary entered into the sale and purchase agreement in relation to the disposal of (i) the entire issued share capital and (ii) shareholder's loan owing by a holding company which holds the property located at Shop D on Ground Floor, On Ning Building, Nos. 47, 51, 53 & 55, Ma Tau Kok Road, Kowloon for the consideration of HK$72.0 million, subject to adjustment. For annual audit purpose, the valuation of the property as at 31 March 2021 was HK$55,200,000. The transaction was completed in September 2021. Details of the disposal are disclosed in the announcement published by the Company dated 13 August 2021.

On 1 July 2021, a subsidiary of the WYT Group entered into a provisional sale and purchase agreement with an independent third party to sell the retail shop at Shop No.D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road at a consideration of HK$28.4 million and the transaction has been completed in November 2021. This property was classified as asset held for sale as at 30 September 2021.

As at 30 September 2021, the Group still held 9 secondhand residential properties with valuation of HK$56.2 million and the Group will continue to identify opportunities to dispose of these secondhand residential properties.

Pharmaceutical and Health Food Products Business

The WYT Group is a pharmaceutical group focusing on manufacturing and/or retailing of pharmaceutical and health food products. The period under review was challenging for the Group's pharmaceutical and health food products segment with revenue for the six months ended 30 September 2021 totalling approximately HK$254.2 million (six months ended 30 September 2020: approximately HK$226.1 million), representing an increase of approximately 12.4%. The Hong Kong economy remained on track for recovery. With the prolonged period of absence of local COVID-19 case, the increasing vaccination rate and the city's improving employment rate, the economy is gradually restoring its momentum. Further, the launch of the Consumption Voucher Scheme ("**CVS**") by the Hong Kong Government has helped stimulate consumption sentiment and has benefitted the Groups' pharmaceutical and health food products business.

Chinese Pharmaceutical and Health Food Products

During the six months ended 30 September 2021, the strict anti-pandemic measures in the PRC, Hong Kong and Macau brought COVID-19 under control. As a result, economic activities recovered gradually. Coupled with the launch of the consumer voucher scheme in August 2021, revenue of Chinese pharmaceutical and health food products recorded a healthy growth as compared with the same period in 2020. Total sales of the Chinese pharmaceutical and health food products for the six months ended 30 September 2021 increased by approximately 12.9% to approximately HK$235.9 million (six months ended 30 September 2020: HK$209.0 million).

WYT ran a CVS campaign to after as many as 20 different products with attractive price tags on multi-pack purchases aiming to capture the possible available expenses in the consumer market. Moreover, the mid-Autumn Festival fell in September this year and CVS was able to be fully utilized, WYT's festive products achieved remarkable sales.

In order to strive with key market competitors in the PRC, Hong Kong and Macau, the Group keeps expanding its market share by opening retail outlets in the domestic sector. Moreover, to extend the Group's care for public health, the Group is expanding its fleet of professional Chinese medicine practitioners for provision of Chinese medical clinics service at its retail outlets. The Group will further explore opportunities in expanding its retail sales network and continue to improve the performance of the existing retail outlet portfolio and mixture in order to counteract the negative impact from the current uncertain business environment.

Western Pharmaceutical and Health Food Products

Revenue of western pharmaceutical and health food products for the six months ended 30 September 2021 increased by approximately 7.0% to approximately HK$18.3 million (six months ended 30 September 2020: approximately HK$17.1 million) since the consumption sentiment remained weak for the period under review. The WYT Group has two major product series in this segment, namely "Madame Pearl's" and "Pearl's". Madame Pearl's is the Group's brand for cough syrup (i.e., to treat upper respiratory ailments) while Pearl's product series comprises MosquitOut spray, hand cream and itch-relief products. Despite the good respiratory hygiene awareness and cleanliness of people which has significant negative impact on the cough syrup market for both retail and ethical channels, the Group still maintains a stable revenue from sale of the two major product series, "Madame Pearl's" and "Pearl's". "Madame Pearl's" and "Pearls" continued to encounter challenges during the period under review. Despite a highly competitive market environment, Pearl's MosquitOut still remains one of the leading brands in this product category.

During this period, the WYT Group placed substantial resources in revamping its western pharmaceutical and health care product distribution channels in order to improve efficiency. More resources were put in branding aiming to strengthen the brand loyalty for both "Madame Pearl's" and "Pearl's" product series.

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

Treasury Management

During the period, the performance of the Group's bond investments was adversely affected by the unfavourable environment of the high yield bond market in the PRC. At at 30 September 2021, there was an increase in impairment losses for these unrealised bond investment holdings as compared to 31 March 2021. Moreover, in order to mange risk and maintain a healthy liquidity, the Group has disposed of certain bond investments which resulted in realised losses.

The Group maintains a strong financial position. Liquid investments amounted to approximately HK$1,194.3 million at 30 September 2021, representing a decrease of approximately 8.5% from the balance of approximately HK$1,305.0 million as at 31 March 2021. The liquid investments comprised approximately 42.7% of the debt securities, approximately 14.4% of equity securities and approximately 42.9% of fund investment.

Liquidity and Financial Resources

As at 30 September 2021, the equity attributable to owners of the parent decreased by approximately 0.5% to approximately HK$6,406.0 million (31 March 2021: approximately HK$6,438.1 million). The Group's total equity, including the non-controlling interests, increased to approximately HK$9,986.3 million (31 March 2021: approximately HK$9,969.0 million) as at 30 September 2021.

As at 30 September 2021, the Group's total assets were approximately HK$20,749.5 million (31 March 2021: approximately HK$20,445.9 million). Total cash and bank balances held amounted to approximately HK$1,596.1 million (31 March 2021: approximately HK$1,730.3 million) as at 30 September 2021. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$1,194.3 million (31 March 2021: approximately HK$1,305.0 million) as at 30 September 2021, which is immediately available for use when needed.

As at 30 September 2021, the Group's total debt amounted to approximately HK$7,572.9 million (31 March 2021: approximately HK$7,172.0 million). The Group's net debt to equity was approximately 59.9% (31 March 2020: approximately 54.6%) as at 30 September 2021. The net debt to equity ratio is calculated as the net debt divided by total equity. Net debt is calculated as a total of interest-bearing bank and other borrowings, unsecured notes and convertible notes, less cash and cash equivalents.

As at 30 September 2021, the Group's property, plant and equipment, investment properties (including asset held for sale), properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loan receivable and pledged deposit with carrying value of approximately HK$451.9 million, approximately HK$2,317.2 million, approximately HK$5,794.0 million, approximately HK$1,028.3 million, approximately HK$447.6 million, approximately HK$90.5 million, approximately HK$120.9 million and approximately HK$30.1 million respectively (31 March 2021: approximately HK$429.0 million, approximately HK$1,956.7 million, approximately HK$4,892.5 million, approximately HK$1,145.0 million, approximately HK$509.7 million, approximately HK$15.7 million, approximately HK$103.7 million and nil respectively), were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2021 amounted to approximately HK$1,311.2 million (31 March 2021: approximately HK$829.0 million) which was mainly attributed to its property development business. In addition, the Group did not have share of joint ventures' own capital commitments (31 March 2021: approximately HK$145.0 million). The Group has given guarantee to banks in connection with facilities granted to its joint ventures up to HK$450.8 million (31 March 2021: nil) and were utilized to the extent of HK$435.4 million as at 30 September 2021 (31 March 2021: nil).

As at 30 September 2021, the Group provided guarantees of approximately HK$50.7 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (31 March 2021: approximately HK$56.8 million). Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources are under close monitoring to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management of the Group is of the opinion that the Group's existing financial structure is healthy and its related resources are sufficient to cater for the Group's operation needs in the foreseeable future. The Group operates a central cash management system. It also prudently invests in liquid investment in order to obtain a reasonable return while maintaining liquidity.

Debt Profile and Financial Planning

As at 30 September 2021, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2021 *HK$'000*	31 March 2021 *HK$'000*
Bank loans repayable		
Within one year or on demand	**3,007,786**	3,209,249
In the second year	**1,499,989**	1,061,028
In the third to fifth year, inclusive	**2,356,459**	2,090,872
Beyond five years	**43,389**	217,271
	6,907,623	6,578,420
Other loans repayable		
Within one year or on demand	**116,890**	60,090
In the second year	**204,730**	202,270
	321,620	262,360
Unsecured Notes *(i)*		
In the third to fifth year, inclusive	**209,181**	199,348
Convertible Notes *(ii)*		
Within one year or on demand	**134,484**	131,901
	7,572,908	7,172,029

(i) CAP has issued the Unsecured Notes with maturity in September 2024 which are listed on the Stock Exchange by way of debt issue to professional investors only (Stock Code: 5755). As at 30 September 2021 and 31 March 2021, the Unsecured Notes in the principal amount of HK$290 million remained outstanding.

(ii) CAP issued the Convertible Notes with the aggregate principal amount of HK$500 million on 19 October 2016 which will mature on 18 October 2021, which entitle the holders thereof to convert into the CAP Shares at a conversion price of HK$0.4 per CAP Share. During the reporting period, no Convertible Notes were converted into CAP Shares by the Convertible Notes' holders and on 9 December 2020, CAP partially early redeemed the Convertible Notes in the principal value of HK$130 million. As at 30 September 2021, the Convertible Notes with the outstanding principal amount of HK$134.8 million was in issue and maximum number of CAP Shares issuable upon exercise of conversion rights was 337,000,000 CAP Shares. On 18 October 2021, all the outstanding Convertible Notes have been repaid in full.

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

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

As at 30 September 2021, the Group held FVOCI and FVPL of approximately HK$663.3 million and approximately HK$531.1 million, respectively:

		As at 30 September 2021		Six months ended 30 September 2021			Fair value/carrying amount		
		Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Interest income	Dividend received	As at 30 September 2021	As at 31 March 2021	Investment cost
	Notes	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FVOCI:									
A. Equity investment		162,945	1.6%	11,047	—	156	162,945	74,001	210,636
B. Bonds									
China South City Holdings Limited ("**China South City**")	*1*	129,463	1.3%	(39,629)	11,128	—	129,463	162,289	166,472
Other bonds		370,861	3.7%	(68,234)	38,163	—	370,861	606,900	627,692
Subtotal		663,269	6.6%	(96,816)	49,291	156	663,269	843,190	1,004,800
FVPL:									
A. Equity investment		9,366	0.1%	(5,864)	—	3,234	9,366	90,684	14,548
B. Funds									
Rockpool Capital SPC ("**RCS**")	*2*	121,747	1.2%	(10,754)	—	—	121,747	132,501	135,842
Blackstone REIT fund	*3*	122,324	1.2%	1,966	—	107	122,324	—	120,358
Other funds		268,682	2.7%	(18,908)	1,717	10,552	268,682	219,216	287,020
C. Bonds		—	—	—	—	—	—	15,564	—
D. Others		8,935	0.1%	5,041	—	—	8,935	3,864	5,469
Subtotal		531,054	5.3%	(28,519)	1,717	13,893	531,054	461,829	563,237
Total		1,194,323	11.9%	(125,335)	51,008	14,049	1,194,323	1,305,019	1,568,037

The principal activities of the securities are as follows:

1. China South City is a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1668). China South City and its subsidiaries are principally engaged in property development, investment in integrated logistics and trade centers, residential and commercial ancillary facilities, property management, development, operations and maintenance of an e-commerce platform and provision of advertising, exhibition, logistics and warehousing services, outlet operations and other services.

2. On 18 April 2019, the Group executed the subscription forms in respect of the investment. The target underlying the investment is 25,000 Class C Shares with an initial net asset value of US$25 million in a segregated portfolio of RCS. RCS is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, and is an open-ended investment vehicle. Subject to the restriction that any single position in the segregated portfolio shall not exceed 10% of the net asset value of the entire segregated portfolio, there are no limitations on the markets or instruments that the segregated portfolio may invest in, or the percentage of the segregated portfolio's assets that may be committed to any region, market or instrument. Please refer to the joint announcement dated 18 April 2019 published by the Company and WYT for details. In October 2020, the Group redeemed approximately 9,060.13 Class C Shares of in the segregated portfolio of RCS.

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

4. Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange and other major stock exchanges. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 30 September 2021.

5. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.0% of the net assets of the Group as at 30 September 2021.

Disposal of equity interest in a non-wholly owned subsidiary

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

Save as disclosed above, as at 30 September 2021, the Group had no future plan for material investments or capital assets.

Litigation

In 2007, the CAP Group acquired Baisazhou Agricultural from independent third parties, Ms. Wang and Tian Jiu for their respective 70% and 20% interest in Baisazhou Agricultural.

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

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

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

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

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

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

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

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

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

As advised by CAP's PRC legal advisor, the approval issued by MOFCOM in 2007 in relation to the Contended Agreements shall not be revoked and remain to be in force, and the CAP Group continues to be the legal and beneficial owner of Baisazhou Agricultural.

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

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

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

In 2011, CAP issued a Writ of Summons in the CFI against Ms. Wang and Tian Jiu. CAP (as purchaser) sought damages from Ms. Wang and Tian Jiu (as vendors) for their breach of various provisions of the SPA. Ms. Wang and Tian Jiu counterclaimed for, amongst others, an order that CAP do cause and/or procure the shares in Baisazhou Agricultural to be transferred back to Ms. Wang and Tian Jiu.

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

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

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

Foreign Exchange

Management of the Group is of the opinion that the Group has no material foreign exchange exposure and therefore, the Group does not engage in any hedging activities. The revenue of the Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Group's operating expenses.

Employees and Remuneration Policies

As at 30 September 2021, the Group had 2,103 (31 March 2021: 2,102) employees, of whom approximately 42% (31 March 2021: 41%) were located in Hong Kong and the rest were located in mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principle Risks and Uncertainties

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

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

Prospects

In the first half of 2021, following the global rollout of COVID-19 vaccines that slowed the spread of the pandemic, the confidence and performance of the world's major economies rebound. In Hong Kong, the labour market also improved, with the unemployment rate from April to June 2021 falling to 5.5%.

In respect of the property development segment in Hong Kong, the low interest rate environment and concrete demands on residential properties will continue to benefit the Hong Kong economy especially the residential property sector, and the property market is kept in a stable rising trend. The Group launched the pre-sales of The Met. Azure in August 2021. The performance was remarkable that all the units released for sale on the first day were sold out.

The Group is cautiously optimistic on the property market and will continue to monitor the market changes closely whilst continuing to look for opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

The environment for fresh market operations will become more competitive as the number of fresh markets and operators has increased and also as a result of the gradual acceptance of online shopping and delivery services. As a counter measure, the Group expects to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in both public and private sectors in Hong Kong to strengthen its recurring income. Moreover, the Group will also devote some resources in developing delivery services for fresh markets.

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

Since the outbreak of the COVID-19, all of the Group's agricultural produce exchange markets have upgraded their facilities and fixtures to keep up with the raising strict health and hygiene measures of the local governments. The reduction of COVID-19 transmission during the period helped CAP not only restore to normal operating level, but better suit the after-pandemic market environment.

"WYT", a reputable pharmaceutical household brand, was established over a century ago. Since the outbreak of COVID-19, the Group believes that traditional Chinese medicine plays an increasingly significant role in the fight against this global epidemic. Prevention comes before cure and consumer health awareness will increase. Looking forward, the Group will expand its market share by opening retail outlets, either self-operated or by franchise, in the domestic sector in the PRC, Hong Kong and Macau. The national policy for Guangdong-Hong Kong-Macau Greater Bay Area, as a key development area, provides a bright prospect for the development of business of Chinese pharmaceutical and health food products. Hong Kong's traditional Chinese medicine practice will evolve seeing the first Chinese medicine hospital commence service as of 2025. Furthermore, the Group enjoyed a satisfactory online sales growth in 2020–2021. The business trend is seen on track, the Group will strengthen new product development process and new sales platform particularly in the online area.

Regarding the Group's western pharmaceutical and health food products business, the Group expects a favourable growth in the sale of cough syrup to the institutional clients, local clinics and medical groups in Hong Kong and through distributors to be sold to the PRC. The Group will diversify the business by grasping opportunity to launch more health supplements so as to further satisfy consumer's unmet needs. The Group will also strengthen our cross-border e-commerce to capture consumers in the Guangdong-Hong Kong-Macau Greater Bay Area and Asia Pacific Region.

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

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 2021.

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 (the "**CG Code**") set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2021, except for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 of the Group. The Audit Committee comprises three INEDs, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung. Mr. Siu Kam Chau was elected as the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.wangon.com). The 2021 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 23 November 2021

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

* *For identification purpose only*