THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wang On Group Limited (宏安集團有限公司)*, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE FORMATION OF A JOINT VENTURE, (2) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES, (3) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO OPTIONS GRANTED AND (4) NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 7 to 28 of this circular.

A notice convening the SGM to be held at Unit 1103-06, China Building, 29 Queen's Road Central, Hong Kong on Thursday, 23 December 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

Taking into account the recent development of the pandemic caused by the coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the SGM to protect attendants from the risk of infection:

(i) compulsory body temperature checks will be conducted for every attending Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;

(ii) every attending Shareholder or proxy is required to wear a surgical mask throughout the SGM; and

(iii) no souvenirs will be provided. No food or drink will be served at the SGM and there will be measures in place (including any necessary partitioning arrangements) for the purposes of complying with the relevant provisions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong).

Furthermore, the Company wishes to advise all of the Shareholders, particularly any Shareholders who are subject to quarantine in relation to the coronavirus disease (COVID-19), that they may appoint any person or the chairman of the SGM as a proxy to attend and vote on the resolution, instead of attending the SGM in person. Physical attendance by a Shareholder is not necessary for the purpose of exercising voting rights.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the SGM.

8 December 2021

* *For identification purpose only*

CONTENTS

In this circular, unless the context otherwise specifies, the following expressions have the following meanings:

"APG JV Partner"	Stichting Depositary APG Strategic Real Estate Pool, the depositary of the Pool
"associates", "connected persons" and "percentage ratio"	each has the meaning as ascribed to it under the Listing Rules
"Board"	the board of the Directors
"CAP"	China Agri-Products Exchange Limited, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149), a 53.37%-owned listed subsidiary of WYT
"CAP Group"	CAP and its subsidiaries
"Cap"	a maximum cap of HK$3,602,000,000
"Change of Control Event"	means any of the following events: (i) the Company ceases to control WOP; (ii) WOP ceases to control the WOP JV Partner; (iii) the WOP JV Partner and/or its affiliates cease to hold, in aggregate, 50% direct or indirect interest in the JV Company; (iv) WOP ceases to control the Manager; or (v) Mr. Tang Ho Hong ceases to be the chief executive officer of WOP
"Company"	Wang On Group Limited (宏安集團有限公司) *, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
"Completion Date"	the date of completion of the Investment as referred to in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Completion"
"Directors"	the director(s) of the Company
"Disposal"	the disposal of the Disposal Subsidiaries or any of them, as the context requires, by the Sellers to the JV Group pursuant to the Sale and Purchase Agreements

"Disposal Subsidiaries"	collectively, Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco, and "Disposal Subsidiary" shall mean each or any of them, as the context requires
"Fair Market Price"	the fair market value of the securities of the JV Company at the relevant time, calculated based on the value of the projects and assets owned by the JV Group with the business of the JV Company as a going concern minus all outstanding liabilities and reduced by minority interests, as determined by two property valuers, each being appointed by a JV Partner, respectively, and the Fair Market Price shall equal the average of the two valuations
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Investment"	collectively, the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder's loan(s) to the JV Company by the JV Partners
"Investment Period"	the first 3 years of the term of the JV Company, as may from time to time be extended pursuant to the terms of the Subscription and Shareholders' Agreement or as agreed between the JV Partners
"Joint Venture"	the formation of joint venture in respect of the JV Company on the terms of the Subscription and Shareholders' Agreement, including the formation of a new joint venture upon the exercise of the Re-Up Option
"JV Company"	Giant Harmony Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP prior to completion of the Investment, which will be held by each JV Partner as to 50% shareholding upon completion of the Investment
"JV Group"	the JV Company and its subsidiaries from time to time
"JV Partners"	collectively, the WOP JV Partner and the APG JV Partner, and "JV Partner" shall mean any or each of them, as the context requires

"Key-man Event"	has the meaning as defined in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Shareholders' arrangements – Key-man Event"
"Latest Practicable Date"	3 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Longstop Date"	six months from the date of the Subscription and Shareholders' Agreement or such later date as the JV Partners may agree in writing
"Macau"	the Macau Special Administrative Region of the PRC
"Manager"	Wang On Asset Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP
"Maximum Capital Commitment"	the aggregate total commitment of both JV Partners of HK$4,668,000,000 in the JV Company as referred to in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Shareholders' arrangements – Funding"
"Net Asset Value" and "Net Liabilities"	the total consolidated assets of the relevant Disposal Subsidiary and its subsidiary(ies) minus total consolidated liabilities of such Disposal Subsidiary and its subsidiary(ies) (other than the liability in respect of the shareholders' loans and bank loan, if any) as at completion of the Disposal; it being referred to as "Net Asset Value" if it is a positive figure, and "Net Liabilities" if it is a negative figure (as applicable)
"Options"	collectively, the options granted by the JV Partners to each other as set out in the section headed "The Options"
"Pool"	has the meaning as defined in the section headed "Information on the parties"
"PRC"	the People's Republic of China, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Re-Up Cap"	the cap in respect of the Re-Up JV Options, which has the same cap amount of HK$3,602,000,000 as the Cap

"Re-Up Commitment"	has the meaning as defined in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Shareholders' arrangements – Re-Up Option"
"Re-Up Option"	the right of the APG JV Partner to request for the payment of the Re-Up Commitment
"Re-Up JV Options"	the options granted by the JV Partners to each other in respect of their interest in the new joint venture vehicle on the same terms as the Options and on the same cap as the Cap
"Remaining WOP Group"	the WOP Group immediately after completion of the Disposal
"Sale and Purchase Agreements"	the sale and purchase agreements to be entered into among the APG JV Partner, the JV Company's designated subsidiary(ies) and the Sellers in relation to the Disposal, and "Sale and Purchase Agreement" shall mean any or each of them, as the context requires
"Seed Project 1"	the residential and commercial units located at Nos. 34 and 36 Main Street, Ap Lei Chau, Hong Kong and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong
"Seed Project 1 Holdco"	Spectrum Delight Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 1 prior to completion of the Disposal
"Seed Project 2"	the residential and commercial units located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong
"Seed Project 2 Holdco"	Pop Prestige Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 2 prior to completion of the Disposal
"Seed Project 3"	the residential and commercial units located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong
"Seed Project 3 Holdco"	Surplus Hunter Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 3 prior to completion of the Disposal

"Seed Project 4"	the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at Nos. 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong
"Seed Project 4 Holdco"	Sole Champion Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 4 prior to completion of the Disposal
"Seed Projects"	collectively, Seed Project 1, Seed Project 2, Seed Project 3 and Seed Project 4
"Seller 1"	Oasis Billion Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
"Seller 2"	More Action Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
"Seller 3"	Treasure South Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
"Seller 4"	Vivid Gemini Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
"Sellers"	collectively, Seller 1, Seller 2, Seller 3 and Seller 4, and "Seller" shall mean each or any of them, as the context requires
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Transactions
"Share(s)"	the ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription and Shareholders' Agreement"	the subscription and shareholders' agreement dated 8 November 2021 entered into among the WOP JV Partner, WOP, the APG JV Partner and the JV Company in respect of the Joint Venture

"subsidiary(ies)"	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Total Capital Commitment"	the maximum total commitment of each JV Partner of HK$2,334,000,000 in the JV Company as referred to in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Shareholders' arrangements – Funding"
"Transactions"	collectively, the Joint Venture, the Disposal and the grant and/or exercise of the Options and possible grant and/or exercise of the Re-Up JV Options
"Transaction Documents"	the transaction documents in relation to the Investment and Disposal, including among others, the Subscription and Shareholders' Agreement, the Sale and Purchase Agreements and the asset management agreement(s)
"WOG Group"	the Group, for the purpose of this circular, excludes the WOP Group, the WYT group and the CAP Group
"WOP"	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243) and a 75%-owned listed subsidiary of the Company
"WOP Group"	WOP and its subsidiaries
"WOP JV Partner"	Lucky Dynasty International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP
"WYT"	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897), a 65.79%-owned listed subsidiary of the Company
"WYT Group"	WYT and its subsidiaries
"%"	per cent

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

Executive Directors:
Mr. Tang Ching Ho, *GBS, JP (Chairman)*
Ms. Yau Yuk Yin *(Deputy Chairman)*
Ms. Stephanie

Independent non-executive Directors:
Mr. Wong Chun, Justein, *BBS, MBE, JP*
Mr. Siu Kam Chau
Mr. Chan Yung, *BBS, JP*

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

8 December 2021

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE FORMATION OF A JOINT VENTURE, (2) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES, (3) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO OPTIONS GRANTED AND (4) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the joint announcement dated 8 November 2021 jointly issued by the Company and WOP in relation to, among other things, the Joint Venture, the Disposal and the Options and the Re-Up JV Options (i.e. the Transactions).

The purpose of this circular is to provide you with, among other things, the details of the Transactions as required under the Listing Rules.

FORMATION OF JOINT VENTURE

On 8 November 2021, the WOP JV Partner (an indirect wholly-owned subsidiary of WOP) and WOP (as the WOP JV Partner's guarantor) entered into the Subscription and Shareholders' Agreement with the APG JV Partner and the JV Company (an indirect wholly-owned subsidiary of WOP prior to completion of the Investment), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

The Subscription and Shareholders' Agreement

Date

8 November 2021

Parties

(i) WOP JV Partner

(ii) WOP

(iii) APG JV Partner

(iv) JV Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the APG JV Partner and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the Subscription and Shareholders' Agreement, the APG JV Partner has conditionally agreed to subscribe for one (1) new share in the JV Company for a nominal subscription price of HK$1, payable to the JV Company on completion of the Investment in cash. The JV Partners have also agreed to provide funding to the JV Company of up to HK$2,334,000,000 each (i.e. the Total Capital Commitment), totalling HK$4,668,000,000 for both JV Partners (i.e. the Maximum Capital Commitment), of which HK$632,920,000 shall be payable by the APG JV Partner, and HK$632,919,999 shall be payable by the WOP JV Partner on completion of the Investment.

The Maximum Capital Commitment was determined after arm's length negotiation between the JV Partners with reference to the JV Group's investment strategy and the WOP Group's track records in expanding its property portfolio. The initial funding payable by each JV Partner on completion of the Investment was determined with reference to the consideration payable by the JV Group for the Seed Projects under the Disposal, external debt financing and working capital of the Seed Projects. The balance of the Maximum Capital Commitment following completion of the Investment will be contributed when further suitable projects, if any, can be identified during the Investment Period in accordance with the terms of the Subscription and Shareholders' Agreement. The WOP JV Partner's share of the Maximum Capital Commitment will be funded in cash by way of (i) issue of promissory notes in favour of the JV Company or at its direction for the amount of HK$632,919,999, which will be set off against the WOP JV Partner's share of the consideration payable for the Disposal in the equivalent amount, and (ii) payment in cash for the amount of HK$1,701,080,000 from the internal resources of the WOP Group. The APG JV Partner's share of the Maximum Capital Commitment will be funded in cash.

Conditions precedent

Completion of the Investment shall be conditional upon fulfilment of the following conditions precedent:

(i) each of the Company and WOP having obtained the approval of their respective shareholders in respect of the transactions contemplated under the Subscription and Shareholders' Agreement and the Disposal under the Sale and Purchase Agreements;

(ii) there having been no material adverse change with respect to a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole between the date of the Subscription and Shareholders' Agreement and the Completion Date;

(iii) the warranties by each of the JV Company, the APG JV Partner and the WOP JV Partner in respect of the Subscription and Shareholders' Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the Completion Date;

(iv) no material breach of certain material warranties by the Sellers in respect of the Sale and Purchase Agreements affecting a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole as at the date of the Subscription and Shareholders' Agreement and as at the Completion Date which has or may result in a material adverse change;

(v) no material breach of the provisions of any of the Transaction Documents by the WOP JV Partner, WOP or the JV Company having occurred on or before the Completion Date; and

(vi) no Change of Control Event or Key-man Event having occurred on or before the Completion Date.

The APG JV Partner may, by notice to the WOP JV Partner, waive any of conditions precedent (ii) to (vi) (inclusive) set out above with respect to the WOP JV Partner at any time on or before the Longstop Date. If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the Longstop Date, the Subscription and Shareholders' Agreement shall terminate automatically.

In the event a material adverse change in respect of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project on a standalone basis occurs or arises between the date of the Subscription and Shareholders' Agreement and the Completion Date, notwithstanding that the condition in paragraph (ii) above may be satisfied, the APG JV Partner shall have the right to request the JV Company and WOP (or its affiliate) not to proceed with the Disposal of the relevant Disposal Subsidiary at completion of the Investment and to discuss and agree in good faith whether to proceed with such Disposal (and any necessary incidental changes to the terms of the Subscription and Shareholders' Agreement, including the total amount of the parties' initial funding to be provided on completion of the Investment), within 3 months from the completion of the Investment.

As at the Latest Practicable Date, none of the conditions precedent set out above have been fulfilled or waived.

Completion

Completion of the Investment will take place on the 10th business day following the satisfaction (or waiver, as the case may be) of all the conditions precedent, or such other date as may be agreed between the JV Partners (the "**Completion Date**"). Following completion of the subscription of share of the JV Company by the APG JV Partner, each JV Partner shall hold 50% interest in the JV Company, and as the JV Company will be a 50% jointly-owned entity of WOP, the financial results of the JV Company and its subsidiaries will not be consolidated into the consolidated financial statements of either the Group or the WOP Group.

Shareholders' arrangements

Pursuant to the Subscription and Shareholders' Agreement, the principal terms in relation to the operations of the JV Company after completion of the Investment are summarised as follows:

Business

The principal business of the JV Company shall be the acquisition for development and re-development of residential properties in Hong Kong which satisfy such investment criteria as the JV Partners may from time to time agree with reference to the size and projected return of the projects for sale. The intention of the JV Partners is for the JV Company to focus on investing in developing residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender. In the event the JV Partners mutually agree to amend the investment criteria such that (i) the JV Company will no longer focus on investing in developing residential properties in urban locations in

Hong Kong; or (ii) properties acquired from certain sources or obtained through certain procedures, including through government tender, will no longer be excluded from the JV Company's investment criteria, WOP will re-comply with the applicable Listing Rule requirements in respect of such material change of term, including announcement and shareholders' approval requirements.

The investment criteria for the JV Company is the agreed criteria between the WOP JV Partner and the APG JV Partner based on their respective outlook for the residential property projects with reference to their sizes, locations and nature, and whether any projects satisfying the investment criteria of the JV Company is suitable for the JV Company also depends on the funding resources for its then existing projects and new potential projects available, and the financial position of the JV Company at the relevant time.

Board composition

The board of directors of the JV Company shall consist of four directors, two of whom shall be nominated by each of the JV Partners. The chairman of the board of directors of the JV Company shall be a director nominated by the WOP JV Partner and shall not be entitled to a second or casting vote.

Funding

The JV Company will finance its operations as required by (i) external non-recourse debt financing or (ii) making capital calls on the JV Partners on a pro-rata basis for a maximum amount of up to HK$2,334,000,000 each (the "**Total Capital Commitment**" and in aggregate, the "**Maximum Capital Commitment**"). Capital calls may be made at any time during the Investment Period, extendable on such terms as set out in the Subscription and Shareholders' Agreement.

Lock-up

No party may, during the Investment Period, directly or indirectly dispose of any of its interest in the JV Company without the prior written consent of the other JV Partner save in accordance with the Subscription and Shareholders' Agreement.

Re-Up Option

At any time from the Completion Date until the earlier of (i) the date when 90% of the Maximum Capital Commitment of the JV Partners has been provided to the JV Company; or (ii) the date falling 6 months before the expiry of the Investment Period, the APG JV Partner has the right (the "**Re-Up Option**") to require each of the WOP JV Partner and the APG JV Partner to make additional contributions in equal amounts for a maximum amount up to HK$2,334,000,000 ("**Re-Up Commitment**"), totalling HK$4,668,000,000 for both JV Partners, for the formation of a new joint venture vehicle to be held directly by each of the JV Partners on a 50:50 basis to make additional investments in the same business scope and on substantially the same terms as those of the JV Company, including investment period, board composition, lock-up, key-man event, term of the joint venture, exclusivity, the options (other than the Re-Up Option), and the appointment of the Manager as the manager for all its projects. The formation of the new joint venture vehicle and the payment of the Re-Up Commitment are subject to the WOP JV Partner and the APG JV Partner mutually agreeing on any necessary revision of the Manager's remuneration as determined with reference to the performance of the relevant property projects managed by the Manager and the parties' outlook of the residential property market in Hong Kong at the relevant time. Accordingly, the revised remuneration which may be received by the Manager may be higher or lower than the agreed remuneration of the Manager for the JV Company. The setting up of a new joint venture to carry out additional investments will facilitate more convenient management of the different properties under the two joint venture and the assessment of the Manager's performance for projects held by them.

Where any of the JV Partners fails to pay its Re-Up Commitment, such breach would constitute an event of default under the Subscription and Shareholders' Agreement, giving rise to a right on the WOP JV Partner or an obligation on the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company, further details of which are set out below in the section headed "The Options – Default including a default on Key-man Event". The Directors are of the opinion that, taking into account the financial resources available to the WOP Group, the WOP Group will have sufficient working capital for funding the Re-Up Commitment if required and such funding will not have any material adverse impact on the financial and operating position of the WOP Group.

The WOP Group's business strategy is to engage in property development by itself or with a suitable joint venture partner where it is in the interests of the WOP Group to do so. The type of calibre that the APG JV Partner represents, with its reputation for environmentally sustainable and socially responsible investment, and its ability to tap into a stable source of funding, makes it an ideal partner for the WOP Group to partner with, in particular for its sizeable projects. The terms and time horizon of the Re-Up Option and the possibility of setting up a new joint venture to carry out additional investments align with the Company's and WOP's outlook of the residential property market in Hong Kong and the opportunities that the Company and WOP see in leveraging on the reputation and capital resources of the APG JV Partner to expand its property portfolio, having taken into account that the WOP Group may not be able to fully take advantage of such opportunities were it to engage in the development or re-development of the properties on a solo basis.

Having considered the above, the granting of the Re-Up Option to the APG JV Partner was a commercial decision determined based on arm's length negotiations where the WOP Group will remain as the manager of all its projects. Although the right to exercise the Re-Up Option is in the sole and unconditional discretion of the APG JV Partner, the parties have also agreed that upon the exercise of the Re-Up Option, the remuneration of the Manager for managing the projects under the new joint venture shall be subject to re-adjustment by mutual agreement between the APG JV Partner and the WOP JV Partner, and the new joint venture vehicle will only be formed (and the Re-Up Commitment will only be payable) upon such remuneration being mutually agreed. As such, the Directors are of the view that the WOP Group shall have reasonable opportunity to ensure that the interests of the WOP Group will be protected when the Re-Up Option is exercised.

Having considered the terms of the Re-Up Option based on the terms of the entire arrangement taken as a whole and taking into account the overwhelming benefit that the Transactions as a whole will bring to the WOP Group, and the ability of the WOP Group to protect its interests when the Re-Up Option is exercised, the Directors consider that the terms of the Transactions (including the Re-Up Option) to be fair and reasonable and in the interests of the Company. It is expected that the WOP JV Partner and the APG JV Partner will fund their respective Re-Up Commitment in cash. As at the Latest Practicable Date, the JV Group has not identified any property project to be funded by the Re-Up Commitment.

Key-man Event

Mr. Tang Ho Hong, an executive director and the chief executive officer of WOP shall serve and perform his duties as chief executive officer of WOP and as a director of the JV Company for the duration of the term of the JV Company, and shall spend such amount of time as may be reasonably required to enable him to properly discharge his duties as a director of the JV Company, failing which a "**Key-man Event**" shall be deemed to have occurred.

Term of the JV Company

The term of the JV Company shall be 7 years from the Completion Date, with the option to extend subject to unanimous approval by the JV Partners.

Exclusivity

During the period commencing from the date of the Subscription and Shareholders' Agreement to the earlier of (i) the date on which the Maximum Capital Commitment from the JV Partners has been provided to the JV Company; and (ii) the expiry of the Investment Period, the JV Group shall be the exclusive vehicle of the WOP Group to carry out development and re-development of residential properties for sale in Hong Kong that aligns with such investment criteria as agreed between the JV Partners from time to time in accordance with the terms of the Subscription and Shareholders' Agreement. In the event the APG JV Partner exercises the Re-Up Option, such exclusivity will apply with reference to the new joint venture vehicle as the exclusive vehicle.

The exclusivity will only apply to projects that fall within the investment criteria (i.e. currently residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender) and the WOP Group will still be free to conduct such projects to the extent that the parties determine that it would not be suitable for the JV Group to do so. Also, the Directors believe that projects falling within the investment criteria will be sizeable projects which will more likely be suitable for joint development with a sizeable partner to help the WOP Group in diversifying funding resources and reducing funding pressure. Accordingly, the Directors believe that the Joint Venture, notwithstanding the exclusivity restrictions under the Subscription and Shareholders' Agreement, will only strengthen and not inhibit the WOP Group's operation and investment strategy and its ability to maintain its presence and operation in the property development and investment market in Hong Kong, as well as a level of property development activities as it considers desirable in the interests of WOP and its shareholders. The exclusivity was decided following arm's length negotiations between the parties, and given the benefits that the Joint Venture are expected to bring to the Group, the Directors believe that it is fair and reasonable and in the interests of the Group.

The sale of such properties held by the JV Group upon completion of development will be accounted for as of a revenue nature in the accounts of the JV Group. If the APG JV Partner exercises the Re-Up Option, the newly formed joint venture vehicle shall also be the exclusive vehicle of the WOP Group to carry out the development and re-development of residential properties for sale in Hong Kong during the investment period of the new joint venture on similar basis as aforementioned, and such newly formed joint venture vehicle will be a 50% jointly-owned entity of WOP and the financial results of such joint venture vehicle and its subsidiary(ies) will not be consolidated into the consolidated financial statements of the Group. As the joint venture will not be consolidated into the WOP Group, revenue recognised from the sales of properties will not be reflected in the WOP Group's financial statements. However, the WOP Group will share 50% of the profit of the sales of properties through the equity method of accounting and the number of projects that the WOP Group can develop as a result of this joint venture shall effectively be doubled with capital contribution from the APG JV Partner. As the Manager will be the manager of all these projects undertaken by the JV Group, the Directors believe that the WOP Group's total profit will improve as a result of the formation of joint venture with the APG JV Partner.

Further information on the operation of the JV Company

Further to the terms of the Subscription and Shareholders' Agreement, the APG JV Partner, the WOP JV Partner and the JV Company shall procure that the relevant member(s) of the JV Group acquiring the Seed Projects (or any other members holding any property projects of the JV Group from time to time) shall appoint the Manager as the asset manager to provide property asset management services to the JV Group for a management fee comprising a fixed fee and a performance fee determined with reference to the performance of property projects managed by the Manager.

Guarantee

Pursuant to the Subscription and Shareholders' Agreement, WOP guarantees to the APG JV Partner the due observance and performance by the WOP JV Partner of all its obligations and commitments under the Subscription and Shareholders' Agreement.

THE DISPOSAL

Simultaneously with completion of the Investment, the JV Company shall enter into the Sale and Purchase Agreements with the Sellers, all being indirect wholly-owned subsidiaries of WOP, pursuant to which the JV Company shall purchase the Disposal Subsidiaries from the WOP Group at an initial aggregate consideration of approximately HK$3,001,457,000, subject to further adjustment.

Subject matter

(i) one ordinary share of Seed Project 1 Holdco, representing the entire issued share capital of Seed Project 1 Holdco, and the loan owing by Seed Project 1 Holdco (being the owner of Seed Project 1) to Seller 1 on the date of completion of the Disposal;

(ii) one ordinary share of Seed Project 2 Holdco, representing the entire issued share capital of Seed Project 2 Holdco, and the loan owing by Seed Project 2 Holdco (being the owner of Seed Project 2) to Seller 2 on the date of completion of the Disposal;

(iii) one ordinary share of Seed Project 3 Holdco, representing the entire issued share capital of Seed Project 3 Holdco, and the loan owing by Seed Project 3 Holdco (being the owner of Seed Project 3) to Seller 3 on the date of completion of the Disposal; and

(iv) one ordinary share of Seed Project 4 Holdco, representing the entire issued share capital of Seed Project 4 Holdco, and the loan owing by Seed Project 4 Holdco to Seller 4 on the date of completion of the Disposal. Seed Project 4 Holdco indirectly holds over 90% legal and beneficial ownership of Seed Project 4.

All Seed Projects will be sold on an "as is" basis.

Consideration

Seed Project 1 Holdco

An initial sum of approximately HK$558,824,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 1 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

Seed Project 2 Holdco

An initial sum of approximately HK$1,066,415,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 2 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

Seed Project 3 Holdco

An initial sum of HK$451,278,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 3 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

Seed Project 4 Holdco

An initial sum of approximately HK$924,940,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 4 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

The consideration for the Disposal Subsidiaries shall be paid by the JV Group in cash upon completion of the Disposal Subsidiaries by way of (i) the direction of all the payment under the promissory notes received from the WOP JV Partner in favour of the Sellers for the amount of HK$632,919,999, and (ii) the payment in cash for the remaining amount of HK$2,368,537,001, which shall be financed by capital calls made by the JV Company on the JV Partners.

The consideration for the Disposal Subsidiaries was determined based on arm's length negotiations between the parties with reference to the WOP Group's investment cost in respect of the Seed Projects. As the re-development of Seed Project 1, Seed Project 2 and Seed Project 4 have not yet commenced and the foundation works for Seed Project 3 have only just commenced, the Directors consider that it is fair and reasonable to determine the consideration for the Disposal Subsidiaries based on the investment cost, comprising principally of the acquisition cost of the Seed Projects incurred and estimated to be required for completing the acquisition of the Seed Projects since 31 July 2021, together with other stamp duty, construction and legal costs, consultancy fees and interest expenses to be incurred up to completion of the relevant Sale and Purchase Agreements, instead of the market value of the Seed Projects. Having considered the valuation reports for the WOP Group's property projects (including the Seed Projects) previously prepared by an independent property valuer prior to the commencement of any construction works on those projects, and based on the latest discussions with the property valuer to be appointed for the purposes of preparing valuation reports of the Seed Projects in relation to the Disposal, the Directors consider that there is no material difference between the investment cost and the market value in respect of the Seed Projects and as such, do not expect there to be any re-valuation gain or loss on the Seed Projects with reference to their market value prior to the Disposal.

The net proceeds, being the total consideration net of the promissory notes issued by the WOP JV Partner, will be used to fund part of the WOP JV Partner's share of the Maximum Capital Commitment and for repayment of bank loan(s) of the WOP Group.

Conditions precedent

Unless a material adverse change occurs in relation to any one of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project and the APG JV Partner exercises its right as described in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Conditions precedent" above, all the Sale and Purchase Agreements will be signed upon completion of the Investment. Completion of the Disposal of Seed Project 4 Holdco is conditional upon the following additional conditions precedent:

(i) completion of the acquisition of the remaining outstanding unit in Seed Project 4; and

(ii) obtaining either re-financing of existing loan(s) in respect of Seed Project 4 or the receipt of written consent from the lender(s) of existing loan(s) in respect of Seed Project 4 that completion of the Disposal of Seed Project 4 Holdco may occur.

If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the date falling within 6 months from the date of the Sale and Purchase Agreement for the Disposal of the Seed Project 4 Holdco, or such later date as the parties may agree in writing, such Sale and Purchase Agreement shall terminate automatically, and the investment funds for the acquisition of the Seed Project 4 Holdco shall be used by the JV Group to invest in other suitable projects identified during the Investment Period.

If the total consideration payable on completion for the Disposal of Seed Project 4 Holdco is more than 5% higher than the initially agreed consideration (i.e. HK$924,940,000), the APG JV Partner shall have the right to enter into good faith discussion with the WOP JV Partner to agree within 5 business days whether such completion shall take place, notwithstanding the completion of the acquisition of the remaining outstanding unit in Seed Project 4.

Completion

Completion of the disposal of Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco shall take place on the date of the relevant Sale and Purchase Agreement, or such other date as may be agreed between the parties. Completion of the disposal of Seed Project 4 Holdco shall take place following the satisfaction of the conditions precedent set out above are satisfied (or waived, as the case may be) or on such other date as agreed between the parties.

Upon completion of the Disposal, the Disposal Subsidiaries will cease to be subsidiaries of WOP and their financial results will not be consolidated into the consolidated financial statements of the Group, and the JV Company will indirectly hold 100% interest in the Disposal Subsidiaries.

THE OPTIONS

Pursuant to the terms of the Subscription and Shareholders' Agreement, the JV Partners shall grant to each other (as applicable) the following options (collectively the "**Options**"):

(i) Default including a default on Key-man Event

Subject matter

In case of a default of certain material terms identified in the Subscription and Shareholders' Agreement by the APG JV Partner, the WOP JV Partner may require the APG JV Partner to sell, or where it is a default by the WOP JV Partner, the APG JV Partner may require the WOP JV Partner to buy, all equity and loan of the APG JV Partner in the JV Company.

As the WOP JV Partner actively operates and manages the Seed Projects (and any future projects to be held by the JV Group), buying out the APG JV Partner in the event of default will allow the WOP JV Partner to retain the property projects, which is in the interests of the WOP Group.

Exercisable period

Any time after a default is committed by the APG JV Partner or, as the case may be, by the WOP JV Partner.

Exercise price

95% (in the case of the WOP JV Partner exercising the option) or 105% (in the case of the APG JV Partner exercising the option) of the Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

(ii) Change of Control

Subject matter

Where a Change of Control Event arises, the APG JV Partner may require the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company.

Exercisable period

Any time after a Change of Control Event arises and is not remedied within 15 business days thereafter.

Exercise price

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

(iii) Deadlock

Subject matter

Where a deadlock in the operation of the JV Group as determined in accordance with terms of the Subscription and Shareholders' Agreement arises, either JV Partner may offer to buy all equity and loan of the other in the JV Company, the earlier offer of which, or if made simultaneously, the offer with the higher price, will prevail, and such JV Partner shall take into account the latest annual valuation reports in respect of all the properties held by the JV Group from time to time prepared by the property valuer when determining the offer price for its offer. The receiving party of the offer that prevails may give notice in response to the initiating party to either (a) accept the offer in full and sell all its equity and loan in the JV Company; or (b) purchase all the equity and loan of the initiating party in the JV Company at the price of the offer. In the case of (b) above, the initiating party shall be bound to sell all its equity and loan to the receiving party.

Exercisable period

Any time when a deadlock arises as determined in accordance with the terms of the Subscription and Shareholders' Agreement has arisen.

Exercise price

Such price as set out in the offer that prevails, subject to the Cap.

(iv) Final Exit

Subject matter

Where the JV Group fails to dispose of all its property projects, the APG JV Partner may require the WOP JV Partner to acquire all equity and loan of the APG JV Partner.

Exercisable period

Any time when the JV Group fails to dispose all its outstanding property projects by the later of (i) 3 months from the expiry of the term of the JV Company, currently 7 years from the Completion Date, and (ii) 6 months after deciding the final exit plan or the final date for determining such plan (whichever is the later).

Exercise price

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

Completion

Completion of the Options shall take place 60 days after the relevant Option is exercised or, in the case of the Option granted in a deadlock, 10 business days after the response notice is issued. Following completion of the Option where the WOP JV Partner is required to buy the equity and loan of the APG JV Partner, the JV Company will become a wholly-owned subsidiary of WOP and its financial results will be consolidated into the consolidated financial statements of the Group. Following completion of the Option(s) where the WOP JV Partner is required to sell its equity and loan in the JV Company, the WOP JV Partner will cease to hold any interests in the JV Company.

Any exercise price payable by the WOP JV Partner in the completion of any Option is expected to be funded out of the WOP Group's internal resources and external financing available at the relevant time. Any proceeds received by the WOP JV Partner will be used for working capital purposes.

In the event where the APG JV Partner exercises the Re-Up Option, the JV Partners will grant to each other the same set of Options in respect of their interest in the new joint venture vehicle on the same terms as set out above (i.e. the Re-Up JV Options) subject to a cap amount of HK$3,602,000,000, which is the same amount as the Cap (i.e. the Re-Up Cap).

Both the Cap and the Re-Up Cap were calculated based on the maximum amount of the capital commitment to be contributed by each JV Partner in the JV Company and the new joint venture in the event the Re-Up Option is exercised, each being HK$2,334,000,000 and assuming a growth in value in line with the growth of the Hong Kong residential market in the past 10 years (expected to be approximately 6.4% per annum) on a cumulative basis over the term of the JV Company of 7 years.

INFORMATION ON THE JV COMPANY, THE DISPOSAL SUBSIDIARIES AND THE SEED PROJECTS

The JV Company is an investment holding company incorporated in Hong Kong on 28 July 2021 with no current operations. Upon completion of the Investment, it will be principally engaged in the acquisition for development and re-development of residential properties in Hong Kong which satisfies the investment criteria to be agreed between the JV Partners from time to time for sale.

The JV Company has no operations as at the date of this circular and its unaudited net asset value as at 30 September 2021 was nil.

The Disposal Subsidiaries are companies incorporated in the British Virgin Islands with limited liability for investment holding purpose with no other major assets besides their indirect interests in the Seed Projects. The Disposal Subsidiaries are indirect wholly-owned subsidiaries of WOP prior to completion of the Disposal.

The Seed Projects have an aggregate gross floor area of approximately 250,300 square feet and comprise the following:

(a) Seed Project 1, being the residential and commercial units located at Nos. 34 and 36 Main Street, Ap Lei Chau, Hong Kong and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 38,600 square feet, part of which is subject to existing tenancies expiring in or before January 2022 with an aggregate monthly rental of approximately HK$138,000;

(b) Seed Project 2, being the residential and commercial units located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong, with a total gross floor area of approximately 81,000 square feet, vacant possession to be obtained before end of December 2021;

(c) Seed Project 3, being the residential and commercial units located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 37,000 square feet and which foundation works are currently being carried out and expected to be completed by June 2022; and

(d) Seed Project 4, being the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at Nos. 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong. Seed Project 4 has a total gross floor area of approximately 93,700 square feet, part of which is subject to existing tenancies expiring on or before February 2022 with an aggregate monthly rental of approximately HK$243,000. Seed Project 4 Holdco has acquired all the units in Cheng Fung Mansion except for 1 unit therein, which is the subject of an application for a compulsory sale process under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), and a hearing by the Lands Tribunal for setting the reserve price for the purpose of conducting the compulsory sale has been fixed to be held in December 2021.

Financial information of the Disposal Subsidiaries

Set out below is a summary of the audited consolidated financial information for the years ended 31 March 2020 and 2021 of the Disposal Subsidiaries:

	For the year ended 31 March	
	2021	**2020**
	Approximately *HK$'000* (audited)	*Approximately* *HK$'000* (audited)
Seed Project 1 Holdco and its subsidiary		
Net loss before taxation	16	N/A (as the Seed Project 1 Holdco was established on 5 October 2020)
Net loss after taxation	16	N/A (as the Seed Project 1 Holdco was established on 5 October 2020)

The unaudited net liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021 was approximately HK$840,000.

	For the year ended 31 March	
	2021	**2020**
	Approximately *HK$'000* (audited)	*Approximately* *HK$'000* (audited)
Seed Project 2 Holdco and its subsidiary		
Net profit/(net loss) before taxation	686	(2,141)
Net profit/(net loss) after taxation	686	(2,141)

The unaudited net liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021 was approximately HK$3,524,000.

	For the year ended 31 March	
	2021	**2020**
	Approximately	*Approximately*
	HK$	*HK$*
	(audited)	(audited)
Seed Project 3 Holdco and its subsidiary		
Net loss before taxation	1,479	6
Net loss after taxation	1,479	6

The unaudited net liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021 was approximately HK$1,635,000.

	For the year ended 31 March	
	2021	**2020**
	Approximately	*Approximately*
	HK$	*HK$*
	(audited)	(audited)
Seed Project 4 Holdco and its subsidiaries		
Net loss before taxation	1,298	34
Net loss after taxation	1,298	34

The unaudited net liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021 was approximately HK$471,000.

FINANCIAL IMPACT OF THE TRANSACTIONS

It is estimated that the Group will record a loss on the Disposal in the amount of approximately HK$3,100,000, based on the initial consideration for the Disposal and taking into account the net liabilities of, and the outstanding loans remaining after repayments made by the Disposal Subsidiaries up to and as at 30 September 2021, and the additional cost spent and estimated to be required for completing the acquisition of the Seed Projects since 30 September 2021. The actual loss will be subject to review by the auditors of the Company.

In relation to the impact of a disposal of all WOP's interest in the JV Company on the exercise of the Option(s), the Directors believe the Fair Market Price of such interest immediately after completion of the Investment should be close to the initial total consideration for the Disposal, and accordingly also believe that there should not be a substantial increase in the loss that the Group will need to record arising from such sale. The actual loss will only be ascertained if and when the relevant Option(s) is exercised, which in turn will depend on the fair market value of properties then held by the JV Company at the relevant time, being the average of two valuations as valued by two property valuers, each being appointed by a JV Partner, respectively.

The excess of the initial aggregate consideration of approximately HK$3,001,457,000 over the unaudited net asset value of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021 amounted to approximately HK$10,451,000.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that the co-operation with the APG JV Partner under the Subscription and Shareholders' Agreement 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 its business. This joint venture (and the new joint venture vehicle that may be established with the APG JV Partner utilising the Re-Up Commitment from both JV Partners, if the Re-Up Option is exercised) will also enable the WOP Group to tap into a bigger pool of funds from the APG JV Partner to build a bigger portfolio of sizeable projects and to help expand its property asset management business for additional stable property asset management fee.

The Disposal Subsidiaries and the related Seed Projects represent only the initial development projects to be carried out through the JV Group. The WOP Group will actively explore suitable investment opportunities for the JV Company to make full use of the Maximum Capital Commitment to expand the development projects portfolio of the JV Group.

The Directors consider that (i) the Joint Venture and the terms of the Subscription and Shareholders' Agreement; (ii) the Disposal and the terms of the Sale and Purchase Agreements; and (iii) the grant and the exercise of the Options and the Re-Up JV Options are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPACT ON THE WOP GROUP FOLLOWING THE DISPOSAL

Following completion of the Disposal, the Remaining WOP Group will continue to be principally engaged in property development and property investment in Hong Kong.

The residential land bank attributable to the Remaining WOP Group is approximately 348,600 square feet in gross floor area. The new developments comprise, and will be comprised of, different types of residential products to suit the various needs of different homebuyers. The Remaining WOP Group currently wholly-owns (i) "The Met. Azure" located at the junction of Liu To Road and Hang Mei Street, Tsing Yi, with a total of 320 residential units and a gross floor area of approximately 90,000 square feet and which pre-sale has taken place in August 2021; and (ii) a site located at 50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui with a gross floor area of approximately 61,500 square feet and which is currently undergoing demolition works. Save for the aforementioned properties, the Remaining WOP Group is also developing, together with certain joint venture partners, (i) a luxury residential project, with 7 houses, located at Nos. 86A-86D Pokfulam Road with a gross floor area of approximately 28,500 square feet and which is currently undergoing foundation works, owned as to 70% by the Remaining WOP Group; and (ii) the site located at 101 and 111 King's Road, Fortress Hill with a gross floor area of approximately 129,400 square feet and demolition works which are expected to commence at the year-end of 2021, owned as to 40% by the Remaining WOP Group.

WOP has in the past been actively pursuing different types of development and re-development opportunities, holding a broad base of projects of different sizes, scales and nature, covering projects under its portfolio that fall within and outside the investment criteria of the JV Company. The most recent completed projects, all of which were acquired through government tender and thus fall outside the investment criteria, include (i) "The Met. Blossom", which has a gross floor area of approximately 200,000 square feet; (ii) "The Met. Bliss", which has a gross floor area of approximately 115,000 square feet; and (iii) "The Met. Acappella", which has a gross floor area of approximately 148,000 square feet. Going forward, it is the intention of WOP to continue to actively explore different types of development and re-development investment opportunities, whether they fall inside or outside those investment criteria, and will continue to build its land bank by way of bidding for government land and project acquisition, favouring sites with convenient transportation and comprehensive community facilities. Currently, in addition to the residential re-development projects owned and developed by the Remaining WOP Group as mentioned above, the WOP Group is also considering the potential of a number of possible residential re-development projects that fall outside the investment criteria, which have a total potential development gross floor area of approximately 610,000 square feet, to replenish its development land bank in the years ahead.

The Remaining WOP Group will be interested in 50% of the JV Group and share in 50% of the profits to be generated by the JV Group, and will also be entitled to all the management fees from the Manager's provision of property asset management services to the JV Group. Such profits and proceeds shall be distributed to the Remaining WOP Group by way of dividend and repayment of shareholder's loan and used as working capital of the Remaining WOP Group, including for the acquisition of new residential properties for development for sale.

By cooperating with different business partners, the Remaining WOP Group expects to bring into full play advantages of its brand and commercial property asset management expertise, which enhances recurring income stream and capital gain.

In the property investment and property asset management sector, the Remaining WOP Group remains committed to keep seeking new opportunities to broaden its portfolio for a stable recurring income base.

INFORMATION ON THE PARTIES

The WOP JV Partner is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. The WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation.

The Manager is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP. It is principally engaged in providing property management services.

The Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through WOP; (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT (Stock Code: 897), its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP (Stock Code: 149), a 53.37%-owned listed subsidiary of WYT.

The Sellers are companies incorporated in the British Virgin Islands with limited liability and are indirect wholly-owned subsidiaries of WOP. They are principally engaged in investment holding.

The APG JV Partner, which is established in the Netherlands, is the depositary of APG Strategic Real Estate Pool (the "**Pool**"). The Pool is a fund formed for the purpose of collective investments by its participants, all being Dutch pension funds. The Pool is established as a fund for joint account (fonds voor gemene rekening) under Dutch laws. It is not a legal entity but a contractual arrangement between the APG JV Partner, APG Asset Management N.V., a licensed investment manager in the Netherlands as its manager, and its participants which invest in it through subscribing an interest in it.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Joint Venture (being the aggregate of WOP's Total Capital Commitment and the Re-Up Commitment) exceeds 100% for the Company, the Joint Venture constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75% for the Company, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of both the Cap and the Re-Up Cap exceeds 100% for the Company, the grant or the exercise of the Options and the Re-Up JV Options each constitutes a very substantial acquisition and a very substantial disposal (as applicable) for the Company under Chapter 14 of the Listing Rules and is or will, as applicable, therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be convened at Unit 1103-06, China Building, 29 Queen's Road Central, Hong Kong, on Thursday, 23 December 2021 at 10:30 a.m. for the Shareholders to consider and, if thought fit, to approve the Transactions. The record date for the determination of the entitlement to attend and vote at the SGM will be the close of business on Thursday,, 23 December 2021. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Friday, 17 December 2021 at 4:30 p.m., Hong Kong time.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates has any material interest in the Transactions, thus no Shareholder is required to abstain from voting at the SGM.

VOTING UNDERTAKINGS OBTAINED

Mr. Tang Ching Ho has irrevocably undertaken to each of the Company and the JV Company to vote all of the shares in the Company beneficially held by him and held through entities wholly-owned by him, being 1,045,941,645 shares in the Company (representing approximately 6.28% of the total issued share capital of the Company), in favour of the resolutions to be proposed at the SGM, whereas the Company has irrevocably undertaken to each of WOP and the JV Company to vote all of the shares in WOP directly or indirectly held by it, being 11,400,000,000 shares in WOP (representing 75% of the total issued share capital of WOP), in favour of the resolutions to be proposed at WOP's special general meeting, subject to obtaining the requisite approval from the Shareholders in accordance with the Listing Rules.

Mr. Tang Ching Ho is the chairman and an executive director of the Company and is deemed to be interested in 7,780,645,772 shares of the Company, representing approximately 46.71% of the total issued share capital of the Company, and accordingly all of the 11,400,000,000 shares of WOP held by the Company, representing 75% of the issued share capital of WOP, for the purpose of Part XV of the SFO.

RECOMMENDATION

For the reasons set out above, the Directors consider that (i) the Joint Venture and the terms of the Subscription and Shareholders' Agreement; (ii) the Disposal and the terms of the Sale and Purchase Agreements; and (iii) the grant and the exercise of the Options and the Re-Up JV Options are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2019, 2020 and 2021, and for the six months ended 30 September 2021 are disclosed in the annual reports of the Company for the years ended 31 March 2019 (pages 129 to 369), 2020 (pages 149 to 416) and 2021 (pages 129 to 392), and the interim results announcement of the Company for the six months ended 30 September 2021, respectively, which are published on both the websites of HKExnews (www.hkexnews.hk) and the Company (www.wangon.com) and which can be accessed by the direct hyperlinks below:

(1) annual report of the Company for the year ended 31 March 2019 dated 28 June 2019 (pages 129 to 369):

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltn20190730780.pdf

(2) annual report of the Company for the year ended 31 March 2020 dated 30 June 2020 (pages 149 to 416):

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0722/2020072200434.pdf

(3) annual report of the Company for the year ended 31 March 2021 dated 29 June 2021 (pages 129 to 392):

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072601318.pdf

(4) interim results announcement of the Company for the six months ended 30 September 2021 dated 23 November 2021:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1123/2021112301276.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank and other loans and unsecured notes of approximately HK$7,277.2 million, of which bank loans with an aggregate amount of approximately HK$4,553.3 million were secured by the Group's property, plant and equipment, investment properties and certain rental income generated therefrom, properties held for sale, properties under development, pledged deposit, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and share charges in respect of the entire interests of certain subsidiaries of the Group, which are engaged in property investment and development. The Group also provided guarantee(s) to banks in respect of banking facilities extended to joint ventures and customers in favour of certain banks for the loans provided by the bank in an amount not exceeding approximately HK$450.8 million and HK$52.7 million, respectively. Moreover, the Group's lease liabilities amounted to approximately HK$656.9 as at 31 October 2021.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 October 2021, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published consolidated financial statements of the Group were made up.

4. WORKING CAPITAL STATEMENT

Taking into account the financial resources available, including internally generated funds and available banking facilities, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is engaged in the businesses of the management of fresh market and treasury management. Meanwhile, it is also engaged in operation of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation through its subsidiary, WOP, as well as the manufacturing and retailing of Chinese and western pharmaceutical through its subsidiary, WYT, and management and sales of properties in agricultural produce exchange markets in the PRC through its subsidiary, CAP. There is no change in the Group's principal activities since 31 March 2021, being the date on which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of completion of the Transactions.

Hong Kong real GDP resumed appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. However, the overall economic activity remained below the pre-recession level, as the COVID-19 pandemic continues to hit individual segments of the economy. The US-China trade relationship and quantitative easing policy also introduce uncertainty to the recovery of the local economy. The rolling out of a free vaccination programme launched by the Hong Kong government and the increased public awareness are expected to ease the local pandemic situation. With the support of a low-interest rate environment and concrete demands on residential units, the property sector is expected to remain resilient over the long term.

The environment for fresh market operations will become more competitive as the number of fresh markets and operators have increased and also as a result of the gradual acceptance of online shopping and delivery services. Nevertheless, 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 more resources in developing delivery services for fresh market.

The pandemic has hit the tourism market which has led to a decrease in mainland China tourist visits, which may continue to curtail and negatively impact retail performance. It is also expected that the quarantine arrangement between Hong Kong and mainland China will be prolonged. Nevertheless, the Hong Kong government has launched the consumption voucher scheme which will mitigate the unfavorable economic situation of Hong Kong and benefit the WYT Group as a retailer in Hong Kong. It is expected that the overall economic situation in Hong Kong will show signs of stabilisation gradually. The Group will continue to closely monitor the performance of its distribution channels and retail network and the Group will continue to leverage its brand value to strengthen its partnerships and boost its franchising model to maximise its retail exposure and lower overall operational risk and costs.

The acquisition of the CAP Group in the previous financial year has significantly expanded the Group's presence in the fresh food market, agricultural produce exchange markets and the property development segment in mainland China. 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.

The Transactions will enable the WOP Group to reallocate its resources into the asset management and property investment sector, and the WOP Group will keep seeking new opportunities to broaden its portfolio for a stable recurring income base. The WOP Group will continue to monitor market changes closely and to look for and evaluate available opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP AFTER THE DISPOSAL OF THE JV GROUP

Set out below is the management discussion and analysis of the Remaining Group's business and performance after the disposal of the JV Group for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021 and each of the audited consolidated financial years ended 31 March 2021, 2020 and 2019, respectively.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Financial Results

For the six months ended 30 September 2021, the Remaining 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$45.8 million (six months ended 30 September 2020: HK$102.0 million (restated)), respectively.

Business Review

The Remaining 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 is mainly due to the decrease in property sales contributed from property development projects with controlling stake. On the other hand, the share of profits from joint ventures have been increased from HK$53.5 million for six months ended 30 September 2020 to HK$211.6 million for the six months ended 30 September 2021 which was mainly due to 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$45.8 million (six months ended 30 September 2020: HK$102.0 million (restated)), representing a decrease of 55.1% 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 Remaining Group continues to maintain a strong financial position.

As at 30 September 2021, the Remaining Group's net assets were HK$9,992.3 million (31 March 2021: HK$9,975.8 million). Its cash resources amounted to HK$2,186.7 million (31 March 2021: HK$2,268.0 million) including cash and bank balances of HK$1,590.0 million (31 March 2021: HK$1,526.4 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$6,526.0 million (31 March 2021: HK$6,358.0 million) giving the Remaining Group a net debt position (total borrowings less cash and bank balances) of HK$4,936.0 million (31 March 2021: HK$4,831.6 million). The review of the individual business segments of the Remaining 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$124.5 million, respectively (six months ended 30 September 2020: approximately HK$354.4 million and approximately HK$58.3 million, respectively).

The above segment revenue and profit represents the Hong Kong residential and commercial property market sales from WOP and also the property sales in the PRC, following the acquisition in February 2020 of a controlling interest in CAP by WYT.

No revenue contributed by the Remaining WOP Group during this period as the property development income for the Remaining WOP Group in this period was generated from the delivery of remaining stocks 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 Remaining 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 Remaining WOP Group and CIFI Holdings (Group) Co. Ltd. (“**CIFI**”). The Remaining 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 Remaining 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 Remaining WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

In April 2018, the Remaining WOP Group completed the acquisition of all 16 properties located at Nos. 86A-86D Pokfulam Road, Hong Kong. The site will be redeveloped into luxurious properties and is undergoing the foundation work. The Remaining 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 the fourth quarter of 2022. The project is wholly-owned by the Remaining WOP Group.

Fortress Hill project

In October 2020, the Remaining WOP Group and CIFI formed a new joint venture, in which CIFI and the Remaining 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 planting stage.

Tai Kok Tsui project

In January 2021, the Remaining 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 Remaining WOP Group.

As at 31 October 2021, the Remaining Group had a development land portfolio in Hong Kong (which is being held through the Remaining 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
Tai Kok Tsui project	6,800	61,500	Residential and Commercial	2024
Fortress Hill project	12,400	129,400	Residential and Commercial	2025

Fresh Markets and Agricultural Produce Exchange Markets

For details, please refer to the section headed "For The Six Months Ended 30 September 2021 — Business Review — Fresh Markets and Agricultural Produce Exchange Markets" in Appendix VA of this circular.

Property Investment

As at 30 September 2021, the Remaining Group's 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 Remaining 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 Remaining WOP Group and three independent third parties formed a new joint venture group (the "**Parkville JV**"), in which the Remaining WOP Group owned 64% of its equity interest. The other three partners are independent third parties to the Remaining 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 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 Hui Road intersecting Luk Yuen Road. It enjoys excellent traffic from one of the busiest roads with a 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 Remaining 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 the transaction are set out in the joint announcement published by the Company and WOP dated 23 September 2021.

On 30 July 2021, the Remaining 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 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 announcements published by the Company dated 30 July 2021 and 11 October 2021 and the circular of the Company dated 23 September 2021, respectively.

On 13 August 2021, the Remaining WOP Group and its wholly-owned subsidiary entered into the sales 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 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 adjustments. 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 Remaining Group still held 9 secondhand residential properties with valuation of HK$56.2 million and the Remaining Group will continue to identify opportunities to dispose of these secondhand residential properties.

Pharmaceutical and Health Food Products Business

For details, please refer to the section headed “For The Six Months Ended 30 September 2021 — Business Review — Pharmaceutical and Health Food Products Business” in Appendix VA of this circular.

Chinese Pharmaceutical and Health Food Products

For details, please refer to the section headed “For The Six Months Ended 30 September 2021 — Business Review — Chinese Pharmaceutical and Health Food Products” in Appendix VA of this circular.

Western Pharmaceutical and Health Food Products

For details, please refer to the section headed “For The Six Months Ended 30 September 2021 — Business Review — Western Pharmaceutical and Health Food Products” in Appendix VA of this circular.

Treasury Management

During the period, the performance of the Group’s bond investments were 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 manage risk and maintain a healthy liquidity, the Group has disposed of certain bond investments which resulted in realised losses.

The Remaining 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 0.5% to HK$6,410.5 million (31 March 2021: HK$6,443.2 million). The Remaining Group’s total equity, including the non-controlling interests, increased to HK$9,992.3 million (31 March 2021: HK$9,975.8 million) as at 30 September 2021.

As at 30 September 2021, the Remaining Group’s total assets were HK$19,696.1 million (31 March 2021: HK$19,627.0 million). Total cash and bank balances held amounted to HK$1,590.0 million (31 March 2021: HK$1,526.4 million) as at 30 September 2021. The Remaining Group also maintained a portfolio of liquid investments with an aggregate market value of HK$1,194.3 million (31 March 2021: HK$1,305.0 million) as at 30 September 2021, which is immediately available for use when needed.

As at 30 September 2021, the Remaining Group's total debt amounted to HK$6,526.0 million (31 March 2021: HK$6,358.0 million). The Group's net debt to equity was approximately 49.4% (31 March 2020: 48.4%) 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 Remaining 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$3,188.7 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$3,066.2 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 Remaining Group's general banking facilities.

The Remaining Group's capital commitment as at 30 September 2021 amounted to approximately HK$1,269.7 million (31 March 2021: approximately HK$791.1 million) which was mainly attributed to its property development business. In addition, the Remaining Group did not have share of joint ventures' own capital commitments (31 March 2021: approximately HK$145.0 million). The Remaining 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 utiliset to the extent of HK$435.4 million as at 30 September 2021 (31 March 2021: nil).

As at 30 September 2021, the Remaining 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 Remaining 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 Remaining 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 Remaining Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management of the Remaining Group is of the opinion that the Remaining Group's existing financial structure is healthy and related resources are sufficient to cater for the Remaining Group's operation needs in the foreseeable future. The Remaining 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 Remaining Group was analysed as follows:

	30 September 2021	**31 March 2021**
	HK$'000	*HK$'000*
Bank loans repayable		
Within one year or on demand	2,761,804	2,963,399
In the second year	983,447	1,061,028
In the third to fifth year, inclusive	2,072,047	1,522,675
Beyond five years	43,389	217,271
	5,860,687	5,764,373
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
	6,525,972	6,357,982

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

(ii) CAP issued convertible notes with the aggregate principal amount of HK$500 million on 19 October 2016 which matured on 18 October 2021 (the "**Convertible Notes**"), which entitle the holders thereof to convert into the ordinary shares of CAP ("**CAP Share(s)**") at a conversion price of HK$0.4 per CAP Share. During the financial year, 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 were in issue and the 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 had been repaid in full.

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, inter alia, replenishment of the Remaining Group's land bank, enhancing the Remaining Group's portfolio of properties for investment and/or payment of construction costs for the development of the property development projects, the Remaining 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 Remaining Group held financial assets at fair value through other comprehensive income ("**FVOCI**") and financial assets at fair value through profit or loss ("**FVPL**") of approximately HK$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 Remaining 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 Remaining 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 Remaining Group redeemed approximately 9,060.13 Class C Shares of in the segregated portfolio of RCS.

3. On 19 July 2021, the Remaining 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 Remaining 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 Remaining Group as at 30 September 2021.

5. Save as disclosed above, the Remaining 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 Remaining Group as at 30 September 2021.

Disposal of equity interest in a non-wholly owned subsidiary

For details, please refer to the section headed "For The Six Months Ended 30 September 2021 — Business Review — Disposal of equity interest in a non-wholly owned subsidiary" in Appendix VA of this circular.

Save as disclosed above, as at the Latest Practicable Date, the Remaining Group has no future plan for material investments or capital assets.

Foreign Exchange

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

Employees and Remuneration Policies

As at 30 September 2021, the Remaining Group had 2,103 (31 March 2021: 2,102) employees, of whom approximately 42% (31 March 2020: 41%) were located in Hong Kong and the rest were located in mainland China. The Remaining 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 Remaining Group's as well as individual's performances. The Remaining 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 Remaining 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 Remaining 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 Remaining 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 Remaining 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 Remaining Group's quality and safety standards or within the timeline required by the Remaining 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 February 2020, 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 agriproduce exchange markets.

In response to the abovementioned possible risks, the Remaining 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 Remaining Group has formed various committees to develop and review strategies, policies and guidelines on risk control which enable the Remaining Group to monitor and respond to risk effectively and promptly. The Remaining Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Remaining Group.

Prospects

In the first half of 2021, following the global roll-out 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 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 Remaining 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 Remaining 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 Remaining 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 Remaining 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 Remaining Group, through CAP, now operates 11 agricultural produce exchange markets across five provinces in the PRC. Such acquisition has significantly expanded the Remaining Group's presence in the fresh market and agricultural produce exchange markets segment and the property development segment in the PRC. Looking ahead, the Remaining 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 Remaining Group will continue to capture new business opportunities by cooperating with partners to adopt an "asset light" approach. Given the Remaining Group's leading position in the market and dynamic business model, the Remaining Group is confident that it will deliver long-term benefits to the Remaining Group.

Since the outbreak of the COVID-19, all of the Remaining 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.

"Wai Yuen Tong", a reputable pharmaceutical household brand, was established over a century ago. Since the outbreak of COVID-19, the Remaining 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 increase. Looking forward, the Remaining 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 Remaining Group's western pharmaceutical and health food products business, the Remaining Group expects a favourable growth in the sale of cough syrup to the institutional clients, local clinics and medical group in Hong Kong and through distributors to be sold to the PRC. The Remaining Group will diversify the business by grasping opportunity to launch more health supplements so as to further satisfy consumer's unmet needs. The Remaining 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 Remaining Group and the expected continued growth through its diversified business enable the Remaining Group to have a high degree of flexibility and agility for its treasury management. The Remaining Group will continue a proactive and prudent investment approach to drive business growth on all business segments.

FOR THE YEAR ENDED 31 MARCH 2021

Financial Results

For the financial year ended 31 March 2021, the Remaining Group's revenue and profit attributable to owners of the parent amounted to approximately HK$1,893.6 million (2020: approximately HK$3,440.7 million) and approximately HK$125.5 million (2020: approximately HK$476.5 million), respectively.

Business Review

The Remaining Group's revenue for the year ended 31 March 2021 decreased by approximately 45% to approximately HK$1,893.6 million (2020: approximately HK$3,440.7 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 has increased significantly to HK$594.8 million (2020: approximately HK$28.1 million) mainly due to increase in property sales and profit contributed from jointly developed property projects during this financial year. Profit for the year was approximately HK$103.9 million (2020: approximately HK$786.4 million), representing a decrease of approximately 86.8% from last year, mainly due to the absence of the gain on bargain purchase arising from the acquisition of a controlling interest in CAP and the decrease in gain on disposal/redemption of debt investments at fair value through other comprehensive income.

The profit attributable to owners of the parent was approximately HK$125.5 million (2020: approximately HK$476.5 million). The Remaining Group continues to maintain a strong financial position.

As of 31 March 2021, the Remaining Group's net assets were approximately HK$9,975.8 million (2020: approximately HK$9,688.5 million (restated)). Its cash resources amounted to approximately HK$2,268.0 million (2020: approximately HK$1,973.0 million) including cash and bank balances of approximately HK$1,526.4 million (2020: approximately HK$1,583.0 million) and short-term investments of approximately HK$741.6 million (2020: approximately HK$390.0 million). In aggregate, the total borrowings as of 31 March 2021 was approximately HK$6,358.0 million (2020: approximately HK$5,959.5 million) giving the Remaining Group a net debt position (total borrowings less cash and bank balances) of approximately HK$4,831.6 million (2020: approximately HK$4,376.5 million). The review of the individual business segments of the Remaining Group is set out below.

Property Development

During the year ended 31 March 2021, property development segment recorded revenue and segment profit of approximately HK$534.4 million and approximately HK$496.8 million, respectively (2020: approximately HK$2,368.4 million and approximately HK$790.1 million, respectively).

The above segment revenue and profit represents the Hong Kong residential and commercial property market sales from WOP and also the property sales in the PRC, following the CAP Acquisition by WYT.

The revenue contributed by the Remaining WOP Group amounted to HK$301.3 million during this financial year. Reduction in revenue was mainly due to the decrease in property sales contributed from property development projects with controlling stake. Instead, profit from property sales for the Remaining WOP Group in this financial year was mainly generated from its jointly developed property projects, namely maya and Altissimo, which have been included as part of the segment results (profit) but not segment revenue.

During the year ended 31 March 2021, the Remaining Group's property development business in the PRC recorded revenue of approximately HK$233.1 million (2020: nil). The increase in revenue contributed from the CAP Group is mainly due to the fact that the CAP Acquisition took place during the last two months during the last financial year, while CAP's full year performance is consolidated into the Group's accounts in the current financial year.

maya

"maya" is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the Remaining WOP Group and CIFI. The Remaining WOP Group holds a 50% stake in the project. As at 28 June 2021, 294 out of 326 units have been sold with an aggregated contracted sales amounted to approximately HK$3.6 billion. Moverover, 269 units with aggregate contract sale of approximately HK$3.2 billion have been delivered to buyers.

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. As at 28 June 2021, 505 out of 547 units have been sold with an aggregated contracted sales amounted to approximately HK$5.3 billion. Moreover, 474 units with an aggregate contract sales of approximately HK$4.4 billion have been delivered to buyers. The Remaining WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

The Met. Azure (Tsing Yi residential project)

The Remaining WOP Group's new residential property in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. 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. It can be used for both commercial and residential development and is designed to provide a public transportation terminal (Public Light Bus Terminal). The project is wholly-owned by the Remaining WOP Group.

Fortress Hill project

In October 2020, the Remaining WOP Group and CIFI formed a new joint venture, in which CIFI and the Remaining WOP Group owned 60% and 40% equity interest, respectively. The joint venture has acquired 101 and 111 King's Road, Fortress Hill, Hong Kong for a total sum of HK$1.88 billion. The total site area is approximately 12,400 square feet and the sites are situated between North Point commercial area and Victoria Park in Causeway Bay. The sites are positioned at a convenient location within only a few minutes' walk to the Fortress Hill MTR Station. The sites are planned to be re-developed into a residential project with commercial space. Demolition work is expected to commence in year end of 2021.

Tai Kok Tsui project

In January 2021, the Remaining WOP Group successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui through court-ordered compulsory sales. The gross floor area is approximately 61,500 square feet and the site is currently under demolition work.

As at 28 June 2021, the Remaining Group had a development land portfolio in Hong Kong (which is being held through the Remaining 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
Tai Kok Tsui project	6,800	61,500	Residential and Commercial	2024
Fortress Hill project	12,400	129,400	Residential and Commercial	2025

Fresh Markets and Agricultural Produce Exchange Markets

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Business Review — Fresh Markets and Agricultural Produce Exchange Markets" in Appendix VA of this circular.

Property Investment

As at 31 March 2021, the Remaining Group's owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK$1,057.6 million (2020: approximately HK$1,058.4 million).

During the financial year, the Remaining Group received gross rental income of approximately HK$48.7 million (2020: approximately HK$20.6 million).

On 30 March 2021, the Remaining WOP Group and an independent third party (the "**Parkville Partner**") formed a new joint venture group (i.e. the Parkville JV), in which the Remaining WOP Group owned 50%. The Parkville JV had entered into a preliminary agreement for sale and purchase on the same date with an independent third party in respect of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories for a consideration of HK$300,000,000. On 21 June 2021, the Remaining WOP Group and the Parkville Partner entered into a supplemental binding term sheet with two independent third parties (the "**New Investors**"). Subject to the completion of the acquisition and obtaining the bank consent, the shareholdings of the Remaining WOP Group, the Parkville Partner and the New Investors in the Parkville JV would become 64%, 30% and 6%, respectively. The acquisition was completed on 25 June 2021. Details of the transaction are set out in the joint announcements of the Company and WOP dated 30 March 2021 and 21 June 2021, respectively.

During the financial year, the Remaining Group continued to dispose of second-hand residential properties and realised approximately HK$5.2 million (2020: approximately HK$41.3 million). As at 31 March 2021, the Remaining Group held 9 second-hand residential properties with valuation of approximately HK$54.9 million.

Pharmaceutical and Health Food Products Business

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Business Review — Pharmaceutical and Health Food Products Business" in Appendix VA of this circular.

Chinese Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Business Review — Chinese Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Western Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Business Review — Western Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Treasury Management

The Remaining Group maintains a strong financial position. Liquid investments amounted to approximately HK$1,305.0 million at 31 March 2021, representing a decrease of approximately 18.3% from the balance of approximately HK$1,597.2 million as at 31 March 2020. The liquid investments represented approximately 60.1% of the debt securities, approximately 12.6% of equity securities and approximately 27.3% of fund investment.

Liquidity and Financial Resources

As at 31 March 2021, the equity attributable to owners of the parent increased by approximately 6.2% to approximately HK$6,443.2 million (2020: approximately HK$6,065.4 million (restated)). The Remaining Group's total equity, including the non-controlling interests, increased to approximately HK$9,975.8 million (2020: approximately HK$9,688.5 million) as at 31 March 2021.

As at 31 March 2021, the Remaining Group's total assets were approximately HK$19,627.0 million (2020: approximately HK$18,842.1 million). Total cash and bank balances held amounted to approximately HK$1,526.4 million (2020: approximately HK$1,583.0 million) as at 31 March 2021. The Remaining Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$1,305.0 million (2020: approximately HK$1,597.2 million) as at 31 March 2021, which is immediately available for use when needed.

As at 31 March 2021, the Remaining Group's total debt amounted to approximately HK$6,358.0 million (2020: approximately HK$5,959.5 million). The Remaining Group's net debt to equity was approximately 48.4% (2020: approximately 45.2% (restated)) as at 31 March 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 31 March 2021, the Remaining Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and loan receivable with carrying value of approximately HK$429.0 million, approximately HK$1,956.7 million, approximately HK$3,066.2 million, approximately HK$1,145.0 million, approximately HK$509.7 million, approximately HK$15.7 million and approximately HK$103.7 million, respectively (2020: approximately HK$449.6 million, approximately HK$2,285.7 million, approximately HK$2,756.9 million, approximately HK$1,035.5 million, approximately HK$743.3 million, approximately HK$32.2 million and nil, respectively), were pledged to secure the Remaining Group's general banking facilities.

The Remaining Group's capital commitment as at 31 March 2021 amounted to approximately HK$791.1 million (2020: approximately HK$615.8 million) which was mainly attributed to its property development business. In addition, the Remaining Group's share of joint ventures' own capital commitments amounted to approximately HK$145.0 million (2020: approximately HK$251.4 million). The Remaining Group has not given any guarantee to banks in connection with facilities granted to its joint ventures as at 31 March 2021 (2020: three joint ventures up to approximately HK$1,617.6 million and were utilised to the extent of approximately HK$1,090.5 million).

As at 31 March 2021, the Remaining Group provided guarantees of approximately HK$56.8 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2020: approximately HK$63.5 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 Remaining Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulting purchasers to the banks, net of any sales proceeds.

The Remaining 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 Remaining Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management of the Remaining Group is of the opinion that the Remaining Group's existing financial structure is healthy and related resources are sufficient to cater for the Remaining Group's operation needs in the foreseeable future. The Remaining 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 31 March 2021, interest-bearing debt profile of the Remaining Group was analysed as follows:

	31 March 2021	31 March 2020
	HK$'000	*HK$'000*
Bank loans repayable		
Within one year or on demand	**2,963,399**	2,411,372
In the second year	**1,061,028**	1,153,078
In the third to fifth year, inclusive	**1,522,675**	1,473,532
Beyond five years	**217,271**	291,523
	5,764,373	5,329,505
Other loans repayable		
Within one year or on demand	**60,090**	—
In the second year	**202,270**	—
In the third to fifth year, inclusive	**—**	198,970
	262,360	198,970
Unsecured Notes *(i)*		
In the third to fifth year, inclusive	**199,348**	181,220
Convertible Notes *(ii)*		
Within one year or on demand	**131,901**	—
In the second year	**—**	249,814
	6,357,982	5,959,509

(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 31 March 2021 and 31 March 2020, 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 financial year, 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 31 March 2021, the Convertible Notes with the outstanding principal amount of HK$134.8 million was in issue and the maximum number of CAP Shares issuable upon exercise of conversion rights was 337,000,000 CAP Shares.

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

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

As at 31 March 2021, the Remaining Group held financial assets at FVOCI and FVPL of approximately HK$843.2 million and approximately HK$461.8 million, respectively:

		As at 31 March 2021		For the year ended 31 March 2021			Fair value/carrying amount		
		Amount held	Percentage to the Remaining Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2021	As at 31 March 2020	Investment cost
	Notes	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FVOCI:									
A. Equity investment		74,001	1%	102,003	—	1,374	74,001	259,061	133,709
B. Bonds									
Zhongliang Holdings Group Company Limited	*1*	155,893	2%	(1,071)	20,622	—	155,893	211,076	155,080
China South City Holdings Limited	*2*	162,289	2%	4,500	18,745	—	162,289	141,728	166,991
Yuzhou Group Holdings Co. Ltd.	*3*	92,510	1%	7,203	3,240	—	92,510	38,044	93,74
Others		358,497	4%	43,945	54,605	—	358,497	632,747	394,142
Subtotal		843,190	8%	156,580	97,212	1,374	843,190	1,282,656	943,671
FVPL:									
A. Equity investments		90,684	1%	(26,371)	—	111	90,684	32,783	84,078
B. Funds									
Rockpool Capital SPC ("**RCS**")	*4*	132,501	1%	15,686	—	—	132,501	175,150	135,842
Others		219,216	2%	1,920	—	2,546	219,216	68,249	217,257
C. Bonds		15,564	0%	(552)	2,071	—	15,564	32,180	15,500
D. Others		3,864	0%	(2,886)	—	—	3,864	6,220	5,392
Subtotal		461,829	5%	(12,203)	2,071	2,657	461,829	314,582	458,069
Total		1,305,019	13%	144,377	99,283	4,031	1,305,019	1,597,238	1,401,740

The principal activities of the securities are as follows:

1. Zhongliang is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772). Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

2. 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.

3. Yuzhou is a company incorporated in the Cayman Islands with limited liability and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1628). Yuzhou and its subsidiaries are principally engaged in property development. Yuzhou operates its businesses through five segments. The property development segment is engaged in the development and sale of properties. The property investment segment is engaged in the investment in properties for their rental income potential and/or for capital appreciation. The property management segment is engaged in the provision of property management services. The hotel operation segment is engaged in the operation of hotels. The other segments are engaged in other businesses.

4. On 18 April 2019, the Remaining 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 Remaining Group redeemed approximately 9,060.13 Class C Shares in the segregated portfolio of RCS.

5. Save as disclosed above, the Remaining 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 Remaining Group as at 31 March 2021.

6. Save as disclosed above, the Remaining 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 Remaining Group as at 31 March 2021.

Acquisition of additional shares in WYT

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets — Acquisition of additional shares in WYT" in Appendix VA of this circular.

The CAP Acquisition

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, and Future Plans for Material Investments or Capital Assets — The Cap Acquisition" in Appendix VA of this circular.

Easy One Financial Group Limited privatisation

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets — Easy One Financial Group Limited Privatisation" in Appendix VA of this circular.

Disposal of equity interest in a non-wholly owned subsidiary

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets — Disposal of equity interest in a non-wholly owned subsidiary" in Appendix VA of this circular.

Subscription of interest in a fund

For details, please refer to the section headed "For The Year Ended 31 March 2021 — Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets — Subsidiaries of interest in a fund" in Appendix VA of this circular.

Save as disclosed above, as at 31 March 2021, the Remaining Group had no future plans for material investments or capital assets.

Foreign Exchange

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

Employees and Remuneration Policies

As at 31 March 2021, the Remaining Group had 2,102 (2020:2,037) employees, of whom approximately 41% (2020: approximately 38%) were located in Hong Kong and the rest were located in mainland China. The Remaining 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 Remaining Group's as well as individual's performances. The Remaining 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 Remaining Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principal Risks and Uncertainties

The Remaining 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 Remaining 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 Remaining 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 Remaining Group's quality and safety standards or within the timeline required by the Remaining 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 the 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 Remaining 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 Remaining Group has formed various committees to develop and review strategies, policies and guidelines on risk control which enable the Remaining Group to monitor and respond to risk effectively and promptly. The Remaining Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Remaining Group.

Prospects

The Remaining Group believes 2021 will be a year with challenges and opportunities. The Hong Kong economy is still on its way to recovery, the real GDP is resuming appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. Moreover, the reduction in unemployment rate from January to March 2021 to 6.8% showed signs of recovery for the economy of Hong Kong. The Hong Kong Government has launched the free vaccination programme which is expected to help mitigate the COVID-19 pandemic situation and is expected to be conducive to the recovery of the local economy. Nevertheless, the economic recovery was uneven and overall economic activity remained below the pre-recession level, as the pandemic, social distancing requirements and travel restrictions continued to weigh on certain economic segments. We believe that the performance of various segments of the Remaining Group will gradually be restored at different paces.

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, which is expected to remain resilient over the long term. With the upmost opening of the pre-sales of The Met. Azure, the growth momentum and branding of the Remaining Group shall be escalated.

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

The fresh market operations have been a cash flow generating and profitable business over the past decades. The fresh market segment continues to grow steadily in Hong Kong and is expected to provide stable recurring income and cash flow to the Remaining Group. The Remaining Group considers that delivery services for fresh market products will be another opportunity to expand the Remaining Group's business and will devote more resources in developing this area. Moreover, the Remaining Group expects to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in both public and private sectors in Hong Kong to strengthen its recurring income.

Moreover, following the acquisition of CAP through the WYT Group in the last financial year, the Remaining Group, through CAP, now operates 11 agricultural produce exchange markets across five provinces in the PRC. Such acquisition has significantly expanded the Remaining Group's presence in the fresh market segment and the property development segment in the PRC. Looking ahead, the Remaining 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 Remaining Group will continue to capture new business opportunities by cooperating with partners to adopt an "asset light" approach. Given the Remaining Group's leading position in the market and its dynamic business model, the Remaining Group is confident that it will deliver long-term benefits to the Remaining Group.

Since the outbreak of COVID-19, all of the Remaining Group's agricultural produce exchange markets have upgraded its facilities and fixtures to keep up with the raising strict health and hygiene measures of the local governments.

"Wai Yuen Tong", a reputable pharmaceutical household brand, was established over a century ago. Subsequent to the outbreak of COVID-19, the Remaining 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 be increased. Moreover, decrease in mainland tourist visits and rigid industry policies may continue to curtail and negatively impact retail performance. Nevertheless, as the epidemic situation was largely under control with the successful development and launch of the free vaccination programme, the recovery of the mainland China economy also rendered support to our performance, the overall economic situation showed signs of stabilisation gradually. The Remaining Group will continue to closely monitor the performance of its distribution channels and retail network.

In order to maintain the WYT Group's competitive advantage, it will strategically restructure, integrate retail outlets and build a team of experienced and well-trained Chinese medicine practitioners to serve its customers. The Remaining Group's ambition is to build one of the largest teams of Chinese medicine practitioners in Hong Kong through WYT. The Remaining Group intends to leverage its brand value to strengthen its partnerships and boost its franchising model to maximise its retail exposure and lower overall operational risk and costs.

With the Hong Kong and Chinese government's active push for traditional Chinese medicine, including preferential policies and cross-border cooperation between Hong Kong and the Guangdong-Hong Kong-Macau-Greater Bay Area, the market for Chinese pharmaceutical medication and supplements manufactured in Hong Kong is set to expand rapidly in the next decade. Further, the Remaining Group's western pharmaceutical business is expected to achieve favourable growth driven by the sale of cough syrup to private clinics in Hong Kong and the PRC, in particular, the Remaining Groups believe that the demand for our branded "Made in Hong Kong" children cough syrup products will increase following approval from the National Medical Products Administration for import of such product into mainland China from our factory in Yuen Long.

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

FOR THE YEAR ENDED 31 MARCH 2020

Financial Results

For the financial year ended 31 March 2020, the Remaining Group's revenue and profit attributable to owners of the parent amounted to HK$3,440.7 million (2019: HK$4,009.1 million) and HK$476.5 million (2019: HK$421.7 million), respectively.

Business Review

The Remaining Group's revenue for the year ended 31 March 2020 decreased by 14.2% to HK$3,440.7 million (2019: HK$4,009.1 million). The reduction in revenue is mainly due to a decrease in sales revenue from property segment as a result of lesser sales recognition from completion of properties sales. Profit for the year was HK$786.4 million (2019: HK$895.9 million), representing a decrease of 12.2% from last year, mainly due to gain on bargain purchase on the CAP Acquisition which was offset by the fair value losses on investment properties for the year ended 31 March 2020 as opposed to recording fair value gains on investment properties last year, fair value loss of financial instruments at fair value through profit or loss and increase in finance cost. The profit attributable to owners of the parent was HK$476.5 million (2019: HK$421.7 million). The Remaining Group continues to maintain a strong financial position.

As of 31 March 2020, the Remaining Group's net assets were HK$9,688.5 million (2019: HK$8,008.0 million). Its cash resources amounted to HK$1,973.1 million (2019: HK$3,041.3 million) including cash and bank balances of HK$1,583.0 million (2019: HK$2,059.8 million) and short-term investments of HK$390.0 million (2019: HK$981.5 million). In aggregate, the total borrowings as of 31 March 2020 was HK$5,959.5 million (2019: HK$5,276.5 million) giving the Remaining Group a net debt position (total borrowings less cash and bank balances) of HK$4,376.5 million (2019: HK$3,216.8 million). The review of the individual business segments of the Remaining Group is set out below.

Property Development

WOP is a premium property development company with focus on Hong Kong residential and commercial property market. Property development segment recorded revenue and segment profit of HK$2,368.4 million and HK$790.1 million, respectively (2019: HK$2,827.0 million and HK$1,054.1 million, respectively). The main contributor to the segment revenue was mainly due to completion and delivery of The Met. Acappella. As at 30 June 2020, all units of this project were sold.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the Remaining WOP Group and CIFI. The Remaining WOP Group holds a 50% stake in the project. As at 30 June 2020, 253 out of 309 units released were sold and the contracted sales amounted to HK$2.9 billion. The project is undergoing the construction of the superstructure and is expected to be delivered in 2020.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601 Whitehead, Ma On Shan, is co-developed by the Remaining WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited and was launched in December 2018. The project features its prime location in front of Starfish Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. As at 30 June 2020, 429 out of 534 units released were sold and the contracted sales amounted to HK$3.7 billion. The occupation permit of this project was granted and is expected to be delivered in 2020. The Remaining WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

Tsing Yi residential project

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

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

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

Fresh Markets

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Business Review — Fresh Markets" in Appendix VA of this circular.

Property Investment

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

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

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

Pharmaceutical and Health Food Products Business

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Business Review — Pharmaceutical and Health Food Products Business" in Appendix VA of this circular.

Chinese Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Business Review — Chinese Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Western Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Business Review — Western Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Treasury Management

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

Liquidity and Financial Resources

As at 31 March 2020, the equity attributable to owners of the parent increased by 2.9% to HK$6,065.4 million (2019: HK$5,892.9 million). The Remaining Group's total equity, including the non-controlling interests, increased to HK$9,688.5 million (2019: HK$8,008.0 million) as at 31 March 2020.

As at 31 March 2020, the Remaining Group's total assets were HK$18,842.1 million (2019: HK$16,162.9 million). Total cash and bank balances held amounted to HK$1,583.0 million (2019: HK$2,059.8 million) as at 31 March 2020. The Remaining Group also maintained a portfolio of liquid investments with an aggregate market value of HK$1,597.2 million (2019: HK$1,725.9 million) as at 31 March 2020, which is immediately available for use when in need.

As at 31 March 2020, the Remaining Group's total debt amounted to HK$5,959.5 million (2019: HK$5,276.5 million). The Remaining Group's net debt to equity was approximately 45.2% (2019: 40.2%) as at 31 March 2020. 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 31 March 2020, the Remaining Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying value of HK$449.6 million, HK$2,285.7 million, HK$2,756.9 million, HK$1,035.5 million, HK$743.3 million and HK$32.2 million, respectively (2019: HK$471.1 million, HK$1,398.6 million, HK$2,552.5 million, HK$668.2 million, HK$575.5 million and HK$77.5 million, respectively), were pledged to secure the Remaining Group's general banking facilities.

The Remaining Group's capital commitment as at 31 March 2020 amounted to HK$615.8 million (2019: HK$956.9 million) which was mainly for its property development business. The Remaining Group has given guarantee to a bank in connection with a facility granted to the joint venture up to HK$1,617.6 million, which were utilised to the extent of HK$1,090.5 million as at the end of the reporting period.

The Remaining Group provided guarantees of approximately HK$63.5 million to customers in favour of a bank for the loans provided by the banks to the customers of the properties sold (2019: nil). 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 Remaining Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulting purchasers to the bank, net of any sales proceeds.

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

Debt Profile and Financial Planning

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

	2020	2019
	HK$'000	HK$'000
Bank loans repayable		
Within one year or on demand	**2,411,372**	1,878,826
In the second year	**1,153,078**	1,245,360
In the third to fifth years, inclusive	**1,473,532**	1,554,053
Beyond five years	**291,523**	410,735
	5,329,505	5,088,974
Other loans repayable		
In the third to fifth years, inclusive	**198,970**	187,570
Unsecured Notes *(i), (iii)*		
In the third to fifth years, inclusive	**181,220**	—
Convertible Notes *(ii), (iii)*		
In the second year	**249,814**	—
	5,959,509	5,276,544

(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 31 March 2020, the Unsecured Notes in the principal amount of HK$290,000,000 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 to convert into the CAP Shares at a conversion price of HK$0.4 per share. During the year, no Convertible Notes were converted into CAP Shares by the Convertible Notes' holders. As at 31 March 2020, the Convertible Notes with the outstanding principal amount of HK$264.8 million was in issue and the maximum number of CAP shares to be converted was 662,000,000 CAP shares.

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

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

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

As at 31 March 2020, the Remaining Group held financial assets at FVOCI and FVPL of approximately HK$1,282.7 million and HK$314.6 million, respectively:

Nature of investments	Notes	As at 31 March 2020 Amount held HK$'000	As at 31 March 2020 Percentage to the Remaining Group's net assets %	For the year ended 31 March 2020 Fair value gain/(loss) HK$'000	For the year ended 31 March 2020 Bond interest income HK$'000	For the year ended 31 March 2020 Dividend received HK$'000	Fair value/carrying amount As at 31 March 2020 HK$'000	Fair value/carrying amount As at 31 March 2019 HK$'000	Fair value/carrying amount Investment cost HK$'000
Financial assets at fair value through other comprehensive income:									
A. Equity investment		259,061	3%	(87,057)	—	814	259,061	107,321	360,287
B. Debts investment									
CAP — 10% 5-year bonds	1	—	—	—	53,201	—	—	785,002	—
Zhongliang Holdings Group Company Limited	2	211,076	2%	3,145	12,667	—	211,076	—	207,647
China South City Holdings Limited	3	141,728	2%	(8,468)	5,739	—	141,728	—	149,908
China Evergrande Group	4	107,638	1%	(4,904)	5,741	—	107,638	66,707	112,498
Others		563,153	6%	(86,770)	62,759	—	563,153	614,631	657,036
Sub-total		1,282,656	14%	(184,054)	140,107	814	1,282,656	1,573,661	1,487,376
Financial assets at fair value through profit or loss:									
A. Equity investments		32,783	—	(14,519)	—	200	32,783	47,225	42,462
B. Funds									
Rockpool Capital SPC ("**RCS**")	5	175,150	2%	(30,908)	—	—	175,150	—	206,058
Others		68,249	1%	(233)	—	—	68,249	50,595	68,210
C. Bonds		32,180	—	(1,124)	2,025	—	32,180	48,192	34,069
D. Others		6,220	—	(3,042)	—	—	6,220	6,184	—
Sub-total		314,582	3%	(49,826)	2,025	200	314,582	152,196	350,799
Total		1,597,238	17%	(233,880)	142,132	1,014	1,597,238	1,725,857	1,838,175

The principal activities of the securities are as follows:

1. CAP is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

2. Zhongliang is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772). Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

3. China South City 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.

4. China Evergrande Group, formerly Evergrande Real Estate Group Limited, is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 3333). China Evergrande Group and its subsidiaries are principally engaged in property development, property investment, property management and property construction, the provision of hotel and other property development related services, insurance and fast consuming products business, mineral water production and food production.

5. On 18 April 2019, the Remaining 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.

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

7. Save as disclosed above, the Remaining 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 Remaining Group as at 31 March 2020.

The CAP Acquisition

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets — The Cap Acquisition" in Appendix VA of this circular.

Easy One privatisation

For details, please refer to the section headed "For The Year Ended 31 March 2020 — Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, and Future Phan for Material Investments or Capital Assets — Easy One Financial Group Limited Privatisation" in Appendix VA of this circular.

Save as disclosed above, as at 31 March 2020, the Remaining Group had no future plans for material investments or capital assets.

Foreign Exchange

Management of the Remaining Group is of the opinion that the Remaining Group has no material foreign exchange exposure and therefore, the Remaining Group does not engage in any hedging activities. As at 31 March 2020, the Remaining Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Remaining Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Remaining Group's operating expenses.

Employees and Remuneration Policies

As at 31 March 2020, the Remaining Group had 2,037 (2019: 920) employees, of whom approximately 38% (2019: 84%) were located in Hong Kong and the rest were located in mainland China. The Remaining 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 Remaining Group's as well as the individual's performances. The Remaining Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principle Risks and Uncertainties

The Remaining 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 Remaining 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 Remaining 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 Remaining Group's quality and safety standards or within the timeline required by the Remaining 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 during the year, further risks and uncertainties have been identified including (xi) fluctuation in the exchange rate of Renminbi against Hong Kong dollars, and (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets.

In response to the abovementioned possible risks, the Remaining 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 Remaining Group has formed various committees to develop and review strategies, policies and guidelines on risk control; which enable the Remaining Group to monitor and respond to risk effectively and promptly. The Remaining Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Remaining Group.

Prospects

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

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

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

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

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

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

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

FOR THE YEAR ENDED 31 MARCH 2019

Financial Results

For the financial year ended 31 March 2019, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$4,009.1 million (2018: HK$2,621.0 million) and HK$421.7 million (2018: HK$1,223.4 million), respectively.

Business Review

The Remaining Group's revenue for the year ended 31 March 2019 increased by 53.0% to HK$4,009.1 million (2018: HK$2,621.0 million). This growth mainly reflected an increase in sales revenue from property segment driven by sales recognition from the completion of The Met. Blossom. Profit for the year was HK$895.9 million (2018: HK$1,766.0 million), representing a decrease of 49.3% over last year, due to the impact of one-time gain of HK$1,714.4 million from disposal of 50% equity interest in Yau Tong residential project, "NOUVELLE" in June 2017 and disposal of 60% equity interest in Whitehead residential project, "Altissimo" in September 2017. The profit attributable to owners of the parent was HK$421.7 million (2018: HK$1,223.4 million).

The Remaining Group continues to maintain a strong financial positioning. As of 31 March 2019, the Remaining Group's net assets were HK$8,008.0 million (2018: HK$7,999.4 million). Its cash resources amounted to HK$3,041.3 million (2018: HK$2,990.5 million) including cash and cash equivalents of HK$2,059.8 million (2018: HK$2,664.4 million) and short term investments of HK$981.5 million (2018: HK$326.1 million). In aggregate, the total borrowings as of 31 March 2019 was HK$5,276.5 million (2018: HK$4,675.1 million) giving the Remaining Group a net debt position (bank and other loans less cash and cash equivalents) of HK$3,216.8 million (2018: HK$2,010.7 million). The review of the individual business segments of the Remaining Group is set out below.

Fresh Markets

For details, please refer to the section headed "For The Year Ended 31 March 2019 — Business Review — Fresh Markets" in Appendix VA of this circular.

Property Development

WOP is a premium property development company with focus on Hong Kong residential and commercial property market.

Property development segment recorded revenue and segment profit of HK$2,827.0 million and HK$1,054.1 million, respectively (2018: HK$1,333.5 million and HK$339.4 million, respectively). The main contributor to the segment revenue was made by the recognised sales of The Met. Blossom.

The Met. Acappella

The Met. Acappella, situated at Tai Wai, Shatin, is a twin tower development with two wings of 12-and-13 storey residential blocks offering a total of 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with storeroom or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of the neighbouring areas, enabling residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows its residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs for quality lifestyle. Pre-sales of the project, which launched in November 2017, had received positive response and marked strong performance. Up to 28 June 2019, 93.5% of the total of 336 units had been sold with an amount of HK$2.3 billion. The project is expected to be completed in the first quarter of 2019.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project, co-developed by the Remaining WOP Group and CIFI, will have a total gross floor area of 272,000 square feet. The Remaining WOP Group holds a 50% stake in the project. It comprises two residential towers on a podium with a shopping arcade. It will offer a total of 326 units of different layout designs, including standard two-to-three bedroom units and special units. Presenting a modern and clean outlook, exceptional green landscape and a large clubhouse, the project offers residents a luxurious and cozy living environment. Pre-sale was launched in mid of March 2019 with a strong market response. As at 28 June 2019, 50% of the total of 326 units had been pre-sold with a total pre-sale amount of HK$1.6 billion. The project is scheduled to be completed in 2020.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601, is co-developed by the Remaining WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited. The project features its prime location in front of Starfish Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. The project has a gross floor area of 388,000 square feet and will provide 547 units. The Remaining WOP Group holds a 40% stake in this project. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. As at 28 June 2019, 62% of the total of 547 units had been pre-sold with an amount of HK$2.9 billion. The project is scheduled to be completed in 2020.

Pokfulam residential project

In April 2018, the Remaining WOP Group completed the acquisition of all of the 16 properties located at 86A-86D Pokfulam Road, Hong Kong. This project is capable of being re-developed into a low-density premium residential property. On 19 April 2018, the Remaining WOP Group disposed of 30% equity interest in a subsidiary holding these properties at a consideration of HK$103.8 million.

Tsing Yi residential project

On 12 April 2019, the Remaining WOP Group acquired a site located at the junction of Liu To Road and Hang Mei Street, Tsing Yi at a total consideration of HK$867.3 million through public tender. The site, occupying an area of approximately 14,400 square feet, will be developed into a premium residential project under the exquisite series “The Met.”, with a residential and commercial gross floor area of approximately 90,000 square feet. The Remaining Group’s highly confident in the potential of this exclusive project, which is situated in a prestigious locale with stunning sea view.

As at 31 May 2019, the Remaining WOP Group had a development land portfolio as follows:

Location	**Approximate site area** *(square feet)*	**Approximate gross floor area** *(square feet)*	**Intended usage**	**Anticipated year of completion**
The Met. Acappella	71,000	148,000	Residential	2019
maya by NOUVELLE	41,000	272,000	Residential and Commercial	2020
Altissimo	253,000	388,000	Residential	2020
Pokfulam residential project	28,500	28,500	Residential	2021
Tsing Yi residential project	14,400	90,000	Residential and Commercial	2022

Property Investment

As at 31 March 2019, the Remaining Group's investment properties comprised of commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK$1,515.0 million (31 March 2018: approximately HK$1,951.8 million).

During the reporting period, the Remaining Group received gross rental income of approximately HK$24.3 million (2018: approximately HK$25.8 million), representing a decrease of approximately HK$1.5 million. The decrease in gross rental income was primarily due to the disposal of some rental properties.

During the reporting period, the Remaining Group's continued to dispose secondhand residential properties and realised HK$28.4 million (2018: HK$82.3 million). As at 31 March 2019, the Remaining Group still held 17 secondhand residential properties with valuation of HK$94.4 million. As at the 28 June 2019, seven out of the aforesaid 17 units have been sold.

Pharmaceutical and Health Food Product Business

For details, please refer to the section headed "For The Year Ended 31 March 2019 — Business Review — Pharmaceutical and Health Food Product Business" in Appendix VA of this circular.

Chinese Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2019 — Business Review — Chinese Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Western Pharmaceutical and Health Food Products

For details, please refer to the section headed "For The Year Ended 31 March 2019 — Business Review — Western Pharmaceutical and Health Food Products" in Appendix VA of this circular.

Treasury Management

The Remaining Group maintains a robust financial position. Liquid investment amounted to HK$1,725.9 million at 31 March 2019, an increase of 5.5% from the balance of HK$1,635.9 million at 31 March 2018, mainly reflecting the cash arising from funds from operations and disposal of certain properties and subsidiaries. The liquid investments represented 87.9% of the debt securities, 8.8% of equity securities and 3.3% of fund investment.

This business segment contributed HK$241.5 million (2018: HK$213.5 million) to the revenue. Among other things, interest income from CAP is HK$99.8 million. In October 2014, the Group agreed to subscribe five-year 10.0% coupon interest bonds issued by CAP (collectively the "**CAP Bonds**"). As at 31 March 2019, the fair value and principal amount of the CAP Bonds held by the Remaining Group amounted to approximately HK$785.0 million and HK$800 million (2018: approximately HK$1,038.0 million and HK$1,050.0 million), respectively.

Liquidity and Financial Resources

As at 31 March 2019, the equity attributable to owners of the parent increased by 1.6% to HK$5,892.9 million (2018: HK$5,799.5 million). The Remaining Group's total equity, including the non-controlling interests, increased to HK$8,008.0 million (2018: HK$7,999.4 million) as at 31 March 2019.

As at 31 March 2019, the Remaining Group's total assets were HK$16,162.9 million (2018: HK$15,916.5 million). Total cash and cash equivalent held amounted to HK$2,059.8 million (2018: HK$2,664.4 million) as at 31 March 2019. The Remaining Group also maintained a portfolio of liquid investments with an aggregate market value of HK$1,725.9 million (2018: HK$1,635.9 million) as at 31 March 2019, which is immediately available for use when in need.

The Remaining Group operates a central cash management system for unlisted subsidiaries. As at 31 March 2019, the Remaining Group's total debt amounted to HK$5,276.5 million (2018: HK$4,675.1 million). The total debt of the Remaining Group (excluding the total debt of the Remaining WOP Group and the WYT Group) amounted to HK$631.5 million (2018: HK$657.3 million) as at 31 March 2019. The Remaining Group's net debt to equity was approximately 40.2% (2018: 25.1%) as at 31 March 2019. 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 loans, less cash and cash equivalents. An analysis of the net debt is shown below:

Net debt	**2019**	2018
	HK$000	*HK$000*
The Remaining Group (excluding the Remaining WOP Group and the WYT Group)	**363,415**	(28,957)
The Remaining WOP Group	**2,172,340**	1,533,522
The WYT Group	**681,018**	506,168
Total for the Remaining Group	**3,216,773**	2,010,733

As at 31 March 2019, the Remaining Group's land and buildings, investment properties (including the investment properties included in assets held for sale), properties under development, properties held for sale, available-for-sales investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying value of HK$471.1 million, HK$1,398.6 million, HK$2,552.5 million, HK$668.2 million, nil, HK$575.5 million and HK$77.5 million, respectively (2018: HK$483.2 million, HK$1,868.8 million, HK$1,168.3 million, HK$576.5 million, HK$239.6 million, nil and HK$96.6 million, respectively), were pledged to secure the Remaining Group's general banking facilities.

The Remaining Group's capital commitment as at 31 March 2019 amounted to HK$956.9 million (2018: HK$1,567.0 million) which was mainly for its property development business. The Remaining Group has given guarantee to a bank in connection with a facility granted to the joint venture of the Remaining Group up to HK$2,440.4 million and the banking facility guaranteed by the Remaining Group was utilised to the extent of HK$1,297.5 million as at the end of the reporting period. An analysis is shown below:

	General banking facilities *HK$000*	**Total bank borrowings** *HK$000*
The Remaining Group (excluding the Remaining WOP Group and the WYT Group)	913,051	631,525
The Remaining WOP Group	5,223,402	3,605,222
The WYT Group	1,634,750	852,227
Total for the Remaining Group	7,771,203	5,088,974

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

Debt Profile and Financial Planning

As at 31 March 2019, interest-bearing debt profile of the Remaining Group was analysed as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Bank loans repayable:		
Within one year or on demand	**1,878,826**	1,470,021
In the second year	**1,245,360**	1,332,427
In the third to fifth years, inclusive	**1,554,053**	1,392,024
Beyond five years	**410,735**	467,228
	5,088,974	4,661,770
Other loans repayable		
Within one year or on demand	**—**	13,397
In the third to fifth years, inclusive	**187,570**	—
	5,276,544	4,675,097

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

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

As at 31 March 2019, the Remaining Group held financial assets at FVOCI and FVPL of approximately HK$1,573.7 million and HK$152.2 million, respectively:

	As at 31 March 2019		For the year ended 31 March 2019			Fair value/carrying amount		
Nature of investments	Amount held	Percentage to the Remaining Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2019	As at 31 March 2018	Investment cost
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:								
A. Equity investment	107,321	1	(85,826)	—	1,841	107,321	187,493	120,488
B. Debt investments								
C. Bonds Cap — 10% 5-year Bonds	785,002	10	(5,778)	99,789	—	785,002	1,038,087	800,000
Others	681,338	8	6,183	39,624	—	681,338	255,627	665,759
Sub-total	1,573,661	19	(85,421)	139,413	1,841	1,573,661	1,481,207	1,586,247
Financial assets at fair value through profit or loss								
A. Equity investments	47,225	1	1,776	—	904	47,225	81,304	40,000
B. Funds	50,595	1	(773)	—	—	50,595	59,969	59,555
C. Bonds	48,192	1	2,675	1,868	—	48,192	5,733	47,235
D. Others	6,184	0	(1,477)	—	—	6,184	7,661	9,941
Sub-total	152,196	3	2,201	1,868	904	152,196	154,667	156,731
Total	1,725,857	22	(83,220)	141,281	2,745	1,725,857	1,635,874	1,742,978

The principal activities of the securities are as follows:

1. CAP is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

2. Save as disclosed above, the Remaining Group also invested in other shares listed in Hong Kong. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 31 March 2019.

3. Save as disclosed above, the Remaining Group also invested in other funds, the fair value of each of these funds represented less than 1.0% of the net assets of the Group as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Remaining Group has no material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets.

Foreign Exchange

Management of the Remaining Group is of the opinion that the Remaining Group has no material foreign exchange exposure and therefore, the Remaining Group does not engage in any hedging activities. As at 31 March 2019, the Remaining Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Remaining Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Remaining Group's operating expenses.

Employees and Remuneration Policies

As at 31 March 2019, the Remaining Group had 920 (2018: 943) employees, of whom approximately 84% (2018: 81%) were located in Hong Kong and the rest were located in mainland China. The Remaining Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Remaining Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principle Risks and Uncertainties

The Remaining 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 Remaining 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 Remaining Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to our quality and safety standards or within the timeline required by the Remaining 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.

In response to the abovementioned possible risks, the Remaining 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 Remaining Group has formed various committees to develop and review strategies, policies and guidelines on risk control; which enable the Remaining Group to monitor and respond to risk effectively and promptly. The Remaining Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Remaining Group.

Prospects

The Remaining Group believes 2019/20 will be a good year across each of the Remaining Group's business segments, despite the uncertainty over the trade dispute that has been clouding global economic prospects and heightening financial market volatility.

With the formation of Guangdong-Hong Kong-Macau Greater Bay Area which accommodates 68 million people with a total GDP of HK$10.9 trillion, it marks a new era of economic cooperation of the region. The fast pace of pushing forward a common market with free flows of human and capital resources, goods and services and information in Greater Bay Area should further boost Hong Kong's growth prospects.

On the property development and investment front, the Remaining Group remains positive about the Hong Kong residential property market in the coming few years and will continue to take full advantage of the prosperous property market. The Remaining Group will continue exploring opportunities in property acquisition and further enhance its operational efficiency and effectiveness to strengthen the real estate business.

The Remaining Group's fresh market segment maintains its growing momentum, and the Remaining Group is confident that it will continue to provide stable recurring income and cash flow to the Remaining Group. The Remaining Group expects to further expand its fresh market portfolio by collaboration with landlords from both public sectors and private investors. The Remaining Group will continue to work with its partners to identify opportunities for acquiring fresh markets to strengthen its recurring income.

During the period from April 2018 to March 2019, Hong Kong market retail sales of Chinese drugs and herbs drugs grew by 3% to HK$6,064 million making it one of the major types of retail industry in Hong Kong with a 17% market share. With the Hong Kong government actively promoting traditional Chinese Medicine in local market and co-operation with cities in the Greater Bay Area, it is believed that the market for Chinese pharmaceutical products and supplementation manufactured in Hong Kong is set to expand rapidly over the coming decade, spurred by the trend of preferential policies from the Chinese government. The Remaining Group believes its sales will be ahead of 2020 levels as a result of effective promotion activities and sales channel development. A number of the Remaining Group's newly launched products have quickly gained leading market share and are still growing at a fast pace. The Remaining Group will continue to push sales growth through effective marketing strategy and apply the selling expense wisely with emphasis on giving customers more direct benefits. The Remaining Group will continue to utilise its manufacturing and logistic support capabilities to protect its margins.

The overall strong financial position of the Remaining Group enables it to have a high degree of flexibility and agility for its treasury management segment. The Remaining Group will continue its proactive and prudent investment approach to drive business growth on all business segments.

Set out below is the unaudited financial information of the Seed Project 1 Holdco and its subsidiary which comprises the unaudited consolidated/company statements of financial position of the Seed Project 1 Holdco and its subsidiary as at 31 March 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the period from 5 October 2020 (date of incorporation) to 31 March 2021 and for the six months ended 30 September 2021 and explanatory notes.

UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 1 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 1 Holdco and its subsidiary, Rich Dragon Limited (collectively, "**Seed Project 1 Group**"), as at 31 March 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 1 Group for the period from 5 October 2020 (date of incorporation) to 31 March 2021 and for the six months ended 30 September 2021 and explanatory notes (the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 1 Group as set out on pages IIA-2 to IIA-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	
	Period from 5 October 2020 (date of incorporation) to 31 March 2021	**Six months ended 30 September 2021**
	HK$'000	*HK$'000*
Other income	—	440
Administrative expenses	(7)	(1,032)
LOSS BEFORE TAX	(7)	(592)
Income tax	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(7)	(592)

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	
	31 March 2021	30 September 2021
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Properties under development	—	492,581
Other receivables	—	68,130
Total non-current assets	—	560,711
CURRENT ASSETS		
Prepayments, deposits and other receivables	—	53
Cash and cash equivalents	—	701
Total current assets	—	754
CURRENT LIABILITIES		
Other payables and accruals	—	2,641
Due to the WOP Group	7	328,474
Total current liabilities	7	331,115
NET CURRENT LIABILITIES	(7)	(330,361)
TOTAL ASSETS LESS CURRENT LIABILITIES	(7)	230,350
NON-CURRENT LIABILITY		
Interest-bearing bank borrowings	—	230,949
Total non-current liability	—	230,949
NET LIABILITIES	(7)	(599)
DEFICIENCY IN ASSETS		
Issued capital	—*	—*
Accumulated losses	(7)	(599)
Total deficiency in assets	(7)	(599)

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Accumulated losses	Total deficiency in assets
	HK$'000	*HK$'000*	*HK$'000*
At 5 October 2020 (date of incorporation)	—	—	—
Issue of share	—*	—	—
Loss and total comprehensive loss for the period	—	(7)	(7)
At 31 March 2021 and 1 April 2021	—*	(7)	(7)
Loss and total comprehensive loss for the period	—	(592)	(592)
At 30 September 2021	—*	(599)	(599)

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited	
	Period from 5 October 2020 (date of incorporation) to 31 March 2021	Six months ended 30 September 2021
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(7)	(592)
Change in working capital		
Increase in properties under development	—	(491,419)
Increase in prepayments, deposits and other receivables	—	(68,183)
Increase in other payables and accruals	—	2,641
Increase in amount due to the WOP Group	7	—
Net cash flows used in operating activities	—	(557,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loan	—	230,949
Interest paid	—	(1,162)
Increase in amount due to the WOP Group	—	328,467
Net cash flows from financing activities	—	558,254
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	701
Cash and cash equivalents at beginning of period	—	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	—	701

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL

Spectrum Delight Limited ("**Seed Project 1 Holdco**") is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the period from 5 October 2020 (date of incorporation) to 31 March 2021 and the six months ended 30 September 2021, Seed Project 1 Holdco and its subsidiary (collectively, the "**Seed Project 1 Group**") are principally involved in property development in Hong Kong.

On 25 May 2021, the Seed Project 1 Holdco entered into a sale and purchase agreement with Famous Chief Limited ("**Famous Chief**"), a subsidiary of Wang On Properties Limited ("**WOP**"), a non-wholly owned subsidiary of Wang On Group Limited (the "**Company**"), for the acquisition of the entire 100% equity interest in Rich Dragon Limited (the "**Project Company**") for an aggregate consideration of HK$1. The acquisition was completed on 25 May 2021. The Project Company is principally engaged in property development as at the date of completion. Upon completion of the acquisition, the Project Company became a wholly-owned subsidiary of the Seed Project 1 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect wholly-owned subsidiary of WOP, and WOP, the then intermediate holding company of Seed Project 1 Holdco, entered into the subscription and shareholders' agreement with Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Giant Harmony Limited (the "**JV Company**") (an indirect wholly-owned subsidiary of WOP prior to completion of the transaction) (the "**Subscription and Shareholders' Agreement**"), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the "**Investment**"), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Oasis Billion Investments Limited ("**Seller 1**"), an indirect wholly-owned subsidiary of WOP, pursuant to which the JV Company shall purchase Seed Project 1 Holdco from Seller 1 at an initial aggregate consideration of HK$558,824,000 (the "**Disposal**"), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 1 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 1 Group for the period from 5 October 2020 (date of incorporation) to 31 March 2021, and the six months ended 30 September 2021 (the "**Unaudited Financial Information**") has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 1 Group to meet its liabilities as and when they fall due and WOP has agreed to provide continual financial support and adequate funds to the Seed Project 1 Group up to the date of the Disposal and not to request repayment of the amount due to WOP and its subsidiaries by the Seed Project 1 Group until such time as the Seed Project 1 Group is in a position to repay such amount without impairing its liability position.

3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the period from 5 October 2020 (date of incorporation) to 31 March 2021 includes the financial information of the Seed Project 1 Holdco. On 25 May 2021, the Seed Project 1 Holdco acquired 100% equity interest in the Project Company from Famous Chief, accordingly, the Unaudited Financial Information for the six months ended 30 September 2021 includes the consolidated financial information of the Seed Project 1 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

Set out below is the unaudited financial information of the Seed Project 2 Holdco and its subsidiary which comprises the unaudited consolidated statements of financial position of the Seed Project 2 Holdco and its subsidiary as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.

UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 2 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated statements of financial position of the Seed Project 2 Holdco and its subsidiary, Joint Hope Limited (collectively, "**Seed Project 2 Group**"), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of Seed Project 2 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 2 Group as set out on pages IIB-2 to IIB-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other income	1,208	3,980	3,597	1,746	660
Administrative expenses	(3,704)	(6,120)	(2,911)	(484)	(308)
PROFIT/(LOSS) BEFORE TAX	(2,496)	(2,140)	686	1,262	352
Income tax	—	—	—	—	—
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	(2,496)	(2,140)	686	1,262	352

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited			
		31 March		30 September
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Properties under development	663,893	691,471	707,932	927,551
Other receivables	136,258	139,137	141,068	142,185
Total non-current assets	800,151	830,608	849,000	1,069,736
CURRENT ASSETS				
Prepayments, deposits and other receivables	8,475	1,694	53	1,260
Cash and cash equivalents	258,453	950	1,062	832
Total current assets	266,928	2,644	1,115	2,092
CURRENT LIABILITIES				
Other payables and accruals	12,237	5,861	6,022	5,413
Due to the WOP Group	812,127	586,500	602,200	824,038
Interest-bearing bank borrowing	245,218	245,534	245,850	245,982
Total current liabilities	1,069,582	837,895	854,072	1,075,433
NET CURRENT LIABILITIES	(802,654)	(835,251)	(852,957)	(1,073,341)
NET LIABILITIES	(2,503)	(4,643)	(3,957)	(3,605)
DEFICIENCY IN ASSETS				
Issued capital	—*	—*	—*	—*
Accumulated losses	(2,503)	(4,643)	(3,957)	(3,605)
Total deficiency in assets	(2,503)	(4,643)	(3,957)	(3,605)

* *Less than $500*

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Accumulated losses	Total deficiency in assets
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(2,496)	(2,496)
At 31 March 2019 and 1 April 2019	—*	(2,503)	(2,503)
Loss and total comprehensive loss for the year	—	(2,140)	(2,140)
At 31 March 2020 and 1 April 2020	—*	(4,643)	(4,643)
Profit and total comprehensive income for the year	—	686	686
At 31 March 2021 and 1 April 2021	—*	(3,957)	(3,957)
Profit and total comprehensive income for the period	—	352	352
At 30 September 2021	—*	(3,605)	(3,605)
At 1 April 2020	—*	(4,643)	(4,643)
Profit and total comprehensive income for the period	—	1,262	1,262
At 30 September 2020	—*	(3,381)	(3,381)

* *Less than $500*

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	(2,496)	(2,140)	686	1,262	352
Adjustment for interest income	(225)	(1,405)	—	—	—
	(2,721)	(3,545)	686	1,262	352
Increase in properties under development	(663,340)	(18,736)	(11,326)	(10,179)	(217,397)
Decrease/(increase) in prepayments, deposits and other receivables	(144,733)	3,902	(290)	(289)	(2,324)
Increase/(decrease) in other payables and accruals	11,712	(6,376)	161	(29)	(609)
Cash used in operations	(799,082)	(24,755)	(10,769)	(9,235)	(219,978)
Interest received	225	1,405	—	—	—
Net cash flows used in operating activities	(798,857)	(23,350)	(10,769)	(9,235)	(219,978)
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	245,218	—	—	—	—
Interest paid	(28)	(8,526)	(4,819)	(2,819)	(1,976)
Increase/(decrease) in amount due to the WOP Group	812,120	(225,627)	15,700	13,323	221,724
Net cash flows from/(used in) financing activities	1,057,310	(234,153)	10,881	10,504	219,748
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	258,453	(257,503)	112	1,269	(230)
Cash and cash equivalents at beginning of year/period	—	258,453	950	950	1,062
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	258,453	950	1,062	2,219	832

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL

Pop Prestige Investments Limited ("**Seed Project 2 Holdco**") is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 2 Holdco and its subsidiary (collectively, the "**Seed Project 2 Group**") are principally involved in property development in Hong Kong.

On 8 November 2021, Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect wholly-owned subsidiary of Wang On Properties Limited ("**WOP**"), a non-wholly owner subsidiary of Wang On Group LImited (the "**Company**"), and WOP, the then intermediate holding company of Seed Project 2 Holdco, entered into the subscription and shareholders' agreement with Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Giant Harmony Limited (the "**JV Company**") (an indirect wholly-owned subsidiary of WOP prior to completion of the transaction) (the "**Subscription and Shareholders' Agreement**"), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the "**Investment**"), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with More Action Investments Limited ("**Seller 2**"), an indirect wholly-owned subsidiary of WOP, pursuant to which the JV Company shall purchase Seed Project 2 Holdco from Seller 2 at an initial aggregate consideration of HK$1,066,415,000 (the "**Disposal**"), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 2 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 2 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the "**Unaudited Financial Information**") has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 2 Group to meet its liabilities as and when they fall due and WOP has agreed to provide continual financial support and adequate funds to the Seed Project 2 Group up to the date of the Disposal and not to request repayment of the amount due to WOP and its subsidiaries by the Seed Project 2 Group until such time as the Seed Project 2 Group is in a position to repay such amount without impairing its liability position.

3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 includes the financial information of the Seed Project 2 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

Set out below is the unaudited financial information of the Seed Project 3 Holdco and its subsidiary which comprises the unaudited consolidated/company statements of financial position of the Seed Project 3 Holdco and its subsidiary as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.

UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 3 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 3 Holdco and its subsidiary, Well Value Limited (collectively, "**Seed Project 3 Group**"), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 3 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 3 Group as set out on pages IIC-2 to IIC-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other income	—	—	205	96	95
Administrative expenses	—	(8)	(1,687)	(34)	(167)
PROFIT/(LOSS) BEFORE TAX	—	(8)	(1,482)	62	(72)
Income tax	—	—	—	—	—
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	—	(8)	(1,482)	62	(72)

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited			
		31 March		30 September
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT ASSETS				
Properties under development	—	—	380,964	388,351
Prepayments, deposits and other receivables	—	6	61,010	60,919
Cash and cash equivalents	—	—	198,621	2,043
Total current assets	—	6	640,595	451,313
CURRENT LIABILITIES				
Other payables and accruals	—	—	1,303	35
Due to the WOP Group	7	21	444,002	255,511
Total current liabilities	7	21	445,305	255,546
NET CURRENT ASSETS/ (LIABILITIES)	(7)	(15)	195,290	195,767
NON-CURRENT LIABILITY				
Interest-bearing bank borrowings	—	—	196,787	197,336
Total non-current liability	—	—	196,787	197,336
NET LIABILITIES	(7)	(15)	(1,497)	(1,569)
DEFICIENCY IN ASSETS				
Issued capital	—*	—*	—*	—*
Accumulated losses	(7)	(15)	(1,497)	(1,569)
Total deficiency in assets	(7)	(15)	(1,497)	(1,569)

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital *HK$'000*	Retained earnings/ (accumulated losses) *HK$'000*	Total equity/ (deficiency in assets) *HK$'000*
At 1 April 2018, 31 March 2019 and 1 April 2019	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(8)	(8)
At 31 March 2020 and 1 April 2020	—*	(15)	(15)
Loss and total comprehensive loss for the year	—	(1,482)	(1,482)
At 31 March 2021 and 1 April 2021	—*	(1,497)	(1,497)
Loss and total comprehensive loss for the period	—	(72)	(72)
At 30 September 2021	—*	(1,569)	(1,569)
At 1 April 2020	—*	(15)	(15)
Profit and total comprehensive income for the period	—	62	62
At 30 September 2020	—*	47	47

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	—	(8)	(1,482)	62	(72)
Increase in properties under development	—	—	(380,964)	—	(7,387)
Decrease/(increase) in prepayments, deposits and other receivables	—	(6)	(61,004)	(34)	91
Increase/(decrease) in other payables and accruals	—	—	1,303	—	(1,268)
Increase/(decrease) in amounts due to the WOP Group	—	14	—	(28)	—
Net cash flows used in operating activities	—	—	(442,147)	—	(8,636)
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	—	—	196,787	—	549
Increase/(decrease) in amount due to the WOP Group	—	—	443,981	—	(188,491)
Net cash flows from/(used in) financing activities	—	—	640,768	—	(187,942)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	—	—	198,621	—	(196,578)
Cash and cash equivalents at beginning of year/period	—	—	—	—	198,621
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	—	—	198,621	—	2,043

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL

Surplus Hunter Limited ("**Seed Project 3 Holdco**") is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 3 Holdco and its subsidiary (collectively, the "**Seed Project 3 Group**") are principally involved in property development in Hong Kong.

On 14 May 2020, the Seed Project 3 Holdco entered into a sale and purchase agreement with Famous Chief Limited ("**Famous Chief**"), a subsidiary of Wang On Properties Limited ("**WOP**"), a non-wholly owned subsidiary of Wang On Group Limited (the "**Company**"), for the acquisition of the entire 100% equity interest in Well Value Limited (the "**Project Company**") for an aggregate consideration of HK$1. The acquisition was completed on 14 May 2021. The Project Company is principally engaged in property development as at the date of completion. Upon completion of the acquisition, the Project Company became a wholly-owned subsidiary of the Seed Project 3 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect wholly-owned subsidiary of WOP, and WOP, the then intermediate holding company of Seed Project 3 Holdco, entered into the subscription and shareholders' agreement with Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Giant Harmony Limited (the "**JV Company**") (an indirect wholly-owned subsidiary of WOP prior to completion of the transaction) (the "**Subscription and Shareholders' Agreement**"), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the "**Investment**"), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Treasure South Limited ("**Seller 3**"), an indirect wholly-owned subsidiary of WOP, pursuant to which the JV Company shall purchase Seed Project 3 Holdco from Seller 3 at an initial aggregate consideration of HK$451,278,000 (the "**Disposal**"), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 3 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 3 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the "**Unaudited Financial Information**") has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 3 Group to meet its liabilities as and when they fall due and WOP has agreed to provide continual financial support and adequate funds to the Seed Project 3 Group up to the date of the Disposal and not to request repayment of the amount due to WOP and its subsidiaries by the Seed Project 3 Group until such time as the Seed Project 3 Group is in a position to repay such amount without impairing its liability position.

3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2020 and 2021 includes the financial information of the Seed Project 3 Holdco. On 14 May 2020, the Seed Project 3 Holdco acquired 100% equity interest in the Project Company from Famous Chief, accordingly, the Unaudited Financial Information for the year ended 31 March 2021, and the six months ended 30 September 2021 includes the consolidated financial information of the Seed Project 3 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

Set out below is the unaudited financial information of the Seed Project 4 Holdco and its subsidiaries which comprises the unaudited consolidated/company statements of financial position of the Seed Project 4 Holdco and its subsidiaries as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.

UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 4 HOLDCO AND ITS SUBSIDIARIES

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 4 Holdco and its subsidiaries, Hopway Limited and Top Prince Limited (collectively, "**Seed Project 4 Group**"), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 4 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 4 Group as set out on pages IID-2 to IID-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other income	—	—	1,793	—	1,666
Administrative expenses	—	(34)	(3,091)	(62)	(489)
PROFIT/(LOSS) BEFORE TAX	—	(34)	(1,298)	(62)	1,177
Income tax	—	—	—	—	—
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	—	(34)	(1,298)	(62)	1,177

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited			
		31 March		30 September
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Properties under development	—	—	737,398	796,867
Deposits and other receivables	—	167,692	133,178	119,451
Total non-current assets	—	167,692	870,576	916,318
CURRENT ASSETS				
Prepayments, deposits and other receivables	—	4,206	12,047	30
Cash and cash equivalents	—	—	4,171	2,515
Total current assets	—	4,206	16,218	2,545
CURRENT LIABILITIES				
Other payables and accruals	—	11	4,320	4,374
Due to the WOP Group	7	171,928	512,403	541,982
Total current liabilities	7	171,939	516,723	546,356
NET CURRENT LIABILITIES	(7)	(167,733)	(500,505)	(543,811)
TOTAL ASSETS LESS CURRENT LIABILITIES	(7)	(41)	370,071	372,507
NON-CURRENT LIABILITY				
Interest-bearing bank borrowings	—	—	371,410	372,669
Total non-current liability	—	—	371,410	372,669
NET LIABILITIES	(7)	(41)	(1,339)	(162)
DEFICIENCY IN ASSETS				
Issued capital	—*	—*	—*	—*
Accumulated losses	(7)	(41)	(1,339)	(162)
Total deficiency in assets	(7)	(41)	(1,339)	(162)

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital *HK$'000*	Accumulated losses *HK$'000*	Total deficiency in assets *HK$'000*
At 1 April 2018, 31 March 2019 and 1 April 2019	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(34)	(34)
At 31 March 2020 and 1 April 2020	—*	(41)	(41)
Loss and total comprehensive loss for the year	—	(1,298)	(1,298)
At 31 March 2021 and 1 April 2021	—*	(1,339)	(1,339)
Profit and total comprehensive income for the period	—	1,177	1,177
At 30 September 2021	—*	(162)	(162)
At 1 April 2020	—*	(41)	(41)
Loss and total comprehensive loss for the period	—	(62)	(62)
At 30 September 2020	—*	(103)	(103)

* *Less than $500*

UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	—	(34)	(1,298)	(62)	1,177
Increase in properties under development	—	—	(737,398)	—	(59,469)
Decrease in prepayments, deposits and other receivables	—	—	26,673	—	25,744
Increase in other payables and accruals	—	11	4,309	34	54
Increase in amounts due to the WOP Group	—	23	—	28	—
Net cash flows used in operating activities	—	—	(707,714)	—	(32,494)
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	—	—	371,410	—	1,259
Increase in amount due to the WOP Group	—	—	340,475	—	29,579
Net cash flows from financing activities	—	—	711,885	—	30,838
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	—	—	4,171	—	(1,656)
Cash and cash equivalents at beginning of year/period	—	—	—	—	4,171
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	—	—	4,171	—	2,515

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL

Sole Campion Limited ("**Seed Project 4 Holdco**") is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 4 Holdco and its subsidiaries (collectively, the "**Seed Project 4 Group**") are principally involved in property development in Hong Kong.

On 19 July 2019, the Seed Project 4 Holdco entered into a sale and purchase agreement with an independent third party for the acquisition of the entire 100% equity interest in Hopway Limited ("**Hopway**") for an aggregate consideration of HK$1. The consideration was fully settled in cash and the acquisition was completed on 19 July 2019. Hopway is principally engaged in property development as at the date of completion. Upon completion of the acquisition, Hopway became a wholly-owned subsidiary of the Seed Project 4 Holdco.

On 1 June 2020, the Seed Project 4 Holdco entered into a sale and purchase agreement with Famous Chief Limited ("**Famous Chief**"), a subsidiary of Wang On Properties Limited ("**WOP**"), a non-wholly owned subsidiary of Wang On Group Limited (the "**Company**"), for the acquisition of the entire 100% equity interest in Top Prince Limited ("**Top Prince**") for an aggregate consideration of HK$1. The consideration was fully settled in cash and the acquisition was completed on 1 June 2020. Top Prince is principally engaged in property development as at the date of completion. Upon completion of the acquisition, Top Prince became a wholly-owned subsidiary of the Seed Project 4 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect wholly-owned subsidiary of WOP, and WOP, the then intermediate holding company of Seed Project 4 Holdco, entered into the subscription and shareholders' agreement with Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Giant Harmony Limited (the "**JV Company**") (an indirect wholly-owned subsidiary of WOP prior to completion of the transaction) (the "**Subscription and Shareholders' Agreement**"), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the "**Investment**"), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Vivid Gemini Limited ("**Seller 4**"), an indirect wholly-owned subsidiary of WOP, pursuant to which the JV Company shall purchase Seed Project 4 Holdco from Seller 4 at an initial aggregate consideration of HK$924,940,000 (the "**Disposal**"), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 4 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 4 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the "**Unaudited Financial Information**") has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 4 Group to meet its liabilities as and when they fall due and WOP has agreed to provide continual financial support and adequate funds to the Seed Project 4 Group up to the date of the Disposal and not to request repayment of the amount due to WOP and its subsidiaries by the Seed Project 4 Group until such time as the Seed Project 4 Group is in a position to repay such amount without impairing its liability position.

3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2019 includes the financial information of the Seed Project 4 Holdco only. On 19 July 2019, the Seed Project 4 Holdco acquired 100% equity interest in Hopway from an independent third party, accordingly, the Unaudited Financial Information for the year ended 31 March 2020 includes the consolidated financial information of the Seed Project 4 Holdco and its subsidiary, Hopway. On 1 June 2020, the Seed Project 4 Holdco acquired 100% equity interest in Top Prince from Famous Chief, accordingly, the Unaudited Financial Information for the year ended 31 March 2021, and the six months ended 30 September 2021 included the consolidated financial information of the Seed Project 4 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-DISPOSAL GROUP

Introduction

The following is an illustrative unaudited pro forma consolidated financial information (the "**Unaudited Pro Forma Financial Information**") of the remaining group of Wang On Group Limited (the "**Company**") and its subsidiaries (hereafter collectively referred to as the "**Group**"), immediately after (a) the formation of a joint venture in respect of Giant Harmony Limited (the "**JV Company**") on a 50:50 basis between Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect 75%-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder's loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner and (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited ("**Seed Project 1 Holdco**") and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited ("**Seed Project 2 Holdco**") and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited ("**Seed Project 3 Holdco**") and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited ("**Seed Project 4 Holdco**", together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the "**Disposal Subsidiaries**") and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the "**Disposal**"). The remaining group of the Group after the formation of the JV Company and the Disposal are hereinafter referred to as the "**Post-Disposal Group**". The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Post-Disposal Group as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Post-Disposal Group for the year ended 31 March 2021, which have been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the formation of the JV Company and the Disposal.

The preparation of the unaudited pro forma consolidated statement of financial position of the Post-Disposal Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, which has been extracted from the published interim results announcement of the Group for the six months ended 30 September 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company and the Disposal had been completed on 30 September 2021.

The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Post-Disposal Group is based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, which have been extracted from the published annual report of the Group for the year ended 31 March 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company and the Disposal had been completed on 1 April 2020.

A narrative description of the pro forma adjustments of the formation of the JV Company and the Disposal that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial position or cash flows of the Post-Disposal Group had the formation of the JV Company and the Disposal been completed as at the respective dates to which it is made up to or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Post-Disposal Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 March 2021, the published interim results announcement of the Company for the six months ended 30 September 2021, the financial information of the Disposal Subsidiaries and their subsidiaries as set out in Appendices IIA to IID to this circular, the joint announcement of the Company and Wang On Properties Limited ("**WOP**") dated 8 November 2021 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Post-Disposal Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE POST-DISPOSAL GROUP

	The Group as at 30 September 2021	Pro forma adjustments							Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 10*	*Note 11*	*Note 12*	
NON-CURRENT ASSETS									
Property, plant and equipment	1,312,213								1,312,213
Investment properties	4,143,669								4,143,669
Properties under development	2,366,640	(492,581)	(927,551)		(796,867)				149,641
Investments in joint ventures	1,855,851					2,334,000			4,189,851
Investments in associates	38,891								38,891
Financial assets at fair value through other comprehensive income	416,284								416,284
Financial assets at fair value through profit or loss	181,351								181,351
Loans and interest receivables	20,177								20,177
Prepayments, other receivables and other assets	374,612	(68,130)	(142,185)		(119,451)				44,846
Deferred tax assets	9,562								9,562
Total non-current assets	10,719,250	(560,711)	(1,069,736)		(916,318)	2,334,000			10,506,485
CURRENT ASSETS									
Properties under development	3,528,978			(388,351)					3,140,627
Properties held for sale	2,241,438								2,241,438
Inventories	176,396								176,396
Trade receivables	100,559								100,559
Loans and interest receivables	479,737								479,737
Prepayments, other receivables and other assets	628,232	(53)	(1,260)	(60,919)	(30)				565,970
Cost of obtaining contracts	58,710								58,710
Financial assets at fair value through other comprehensive income	246,985								246,985
Financial assets at fair value through profit or loss	349,703								349,703
Tax recoverable	37,490								37,490
Pledged deposit	30,131								30,131
Restricted bank balances	21,547								21,547
Cash and cash equivalents	1,544,383	(701)	(832)	(2,043)	(2,515)	(2,334,000)	1,944,070	(4,800)	1,143,562
	9,444,289	(754)	(2,092)	(451,313)	(2,545)	(2,334,000)	1,944,070	(4,800)	8,592,855
Assets classified as held for sale	585,987								585,987
Total current assets	10,030,276	(754)	(2,092)	(451,313)	(2,545)	(2,334,000)	1,944,070	(4,800)	9,178,842
CURRENT LIABILITIES									
Trade payables	111,392								111,392
Other payables and accruals	966,816	(2,641)	(5,413)	(35)	(4,374)				954,353
Amounts due to the Post-Disposal Group	—	(328,474)	(824,038)	(255,511)	(541,982)		1,950,005		—
Contract liabilities	500,083								500,083
Financial liabilities at fair value through profit or loss	2,953								2,953
Interest-bearing bank and other borrowings	3,124,676		(245,982)						2,878,694
Convertible notes	134,484								134,484
Tax payable	148,917								148,917
	4,989,321	(331,115)	(1,075,433)	(255,546)	(546,356)		1,950,005		4,730,876
Liabilities classified as held for sale	200,301								200,301
Total current liabilities	5,189,622	(331,115)	(1,075,433)	(255,546)	(546,356)		1,950,005		4,931,177
NET CURRENT ASSETS	4,840,654	330,361	1,073,341	(195,767)	543,811	(2,334,000)	(5,935)	(4,800)	4,247,665
TOTAL ASSETS LESS CURRENT LIABILITIES	15,559,904	(230,350)	3,605	(195,767)	(372,507)		(5,935)	(4,800)	14,754,150

	The Group as at 30 September 2021	Pro forma adjustments							Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 10*	*Note 11*	*Note 12*	
NON-CURRENT LIABILITIES									
Unsecured notes	209,181								209,181
Interest-bearing bank and other borrowings	4,104,567	(230,949)		(197,336)	(372,669)				3,303,613
Financial liabilities at fair value through profit or loss	11,766								11,766
Other payables	572,729								572,729
Deferred tax liabilities	675,325								675,325
Total non-current liabilities	5,573,568	(230,949)		(197,336)	(372,669)				4,772,614
Net assets	9,986,336	599	3,605	1,569	162		(5,935)	(4,800)	9,981,536
EQUITY									
Equity attributable to owners of the parent									
Issued capital	166,575								166,575
Reserves	6,239,443	599	3,605	1,569	162		(5,935)	(4,006)	6,235,437
	6,406,018	599	3,605	1,569	162		(5,935)	(4,006)	6,402,012
Non-controlling interests	3,580,318							(794)	3,579,524
Total equity	9,986,336	599	3,605	1,569	162		(5,935)	(4,800)	9,981,536

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE POST-DISPOSAL GROUP

	The Group for the year ended 31 March 2021	**Pro forma adjustments**							**Unaudited pro forma of the Post-Disposal Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 14*	*Note 15*	
REVENUE									
Revenue from contracts with customers	1,310,387								1,310,387
Interest income from treasury operation	175,234								175,234
Revenue from other sources	407,964								407,964
Total revenue	1,893,585								1,893,585
Cost of sales	(1,135,644)								(1,135,644)
Gross profit	757,941								757,941
Other income and gains, net	186,629		(3,597)	(205)	(1,793)				181,034
Selling and distribution expenses	(234,372)								(234,372)
Administrative expenses	(480,440)	7	2,911	1,687	3,091	(4,800)			(477,544)
Impairment losses of financial assets, net	(25,919)								(25,919)
Other expenses	(44,182)								(44,182)
Finance costs	(249,532)								(249,532)
Fair value losses on financial instruments at fair value through profit of loss, net	(32,595)								(32,595)
Fair value losses on owned investment properties, net	(95,391)								(95,391)
Write-down of properties held for sale	(139,829)								(139,829)
Share of profits and losses of:									
Joint ventures	594,798							(1,050)	593,748
Associates	4,654								4,654
PROFIT BEFORE TAX	241,762	7	(686)	1,482	1,298	(4,800)		(1,050)	238,013
Income tax expense	(139,964)								(139,964)
PROFIT FOR THE YEAR	101,798	7	(686)	1,482	1,298	(4,800)		(1,050)	98,049

	The Group for the year ended 31 March 2021	Pro forma adjustments							Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 14*	*Note 15*	
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	54,577								54,577
Reclassification adjustments for gains included in profit or loss:									
— reversal of impairment losses, net	(6,972)								(6,972)
— gain on disposal/ redemption, net	(365)								(365)
	(7,337)								(7,337)
Exchange differences on translation of foreign operations	286,739								286,739
Other reserves:									
Share of other comprehensive income of joint ventures	9,337								9,337
Share of other comprehensive income of associates	9,978								9,978
Release of other reserve upon disposal of an associate	19,378								19,378
	38,693								38,693
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	372,672								372,672

	The Group for the year ended 31 March 2021	Pro forma adjustments							Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 14*	*Note 15*	
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:									
Equity investments at fair value through other comprehensive income:									
Changes in fair value	102,003								102,003
Deferred tax	—								—
	102,003								102,003
Share of other comprehensive loss of an associate	(869)								(869)
Fair value adjustment upon transfer from owner-occupied property to investment property, net of tax	58,683								58,683
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	159,817								159,817
OTHER COMPREHENSIVE INCOME FOR THE YEAR	532,489								532,489
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	634,287	7	(686)	1,482	1,298	(4,800)		(1,050)	630,538
Profit/(loss) attributable to:									
Owners of the parent	123,884	7	(686)	1,482	1,298	(4,006)	(525)	(788)	120,666
Non-controlling interests	(22,086)					(794)	525	(262)	(22,617)
	101,798	7	(686)	1,482	1,298	(4,800)		(1,050)	98,049
Total comprehensive income attributable to:									
Owners of the parent	411,512	7	(686)	1,482	1,298	(4,006)	(525)	(788)	408,294
Non-controlling interests	222,775					(794)	525	(262)	222,244
	634,287	7	(686)	1,482	1,298	(4,800)		(1,050)	630,538

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE POST-DISPOSAL GROUP

	The Group for the year ended 31 March 2021				Pro forma adjustments						Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 15*	
CASH FLOWS FROM OPERATING ACTIVITIES											
Profit before tax	241,762	7	(686)	1,482	1,298			(4,800)		(1,050)	238,013
Adjustments for:											
Finance costs	249,532										249,532
Share of profits and losses of joint ventures and associates	(599,452)									1,050	(598,402)
Bank interest income	(7,128)										(7,128)
Imputed interest income from debt investments	(12,971)										(12,971)
Loss on disposal of investment properties, net	208										208
Loss on disposal of property, plant and equipment, net	300										300
Gain on disposal/redemption of debt investments at fair value through other comprehensive income, net	(365)										(365)
Gain on disposal of subsidiaries, net	(30,688)										(30,688)
Gain on disposal of an associate	(16,863)										(16,863)
Fair value losses on financial liabilities at fair value through profit or loss, net	14,359										14,359
Fair value losses on owned investment properties, net	95,391										95,391
Fair value losses on sub-leased investment properties, net	206,409										206,409
COVID-19-related rent concessions from lessors	(6,888)										(6,888)
Depreciation of owned assets	91,185										91,185
Depreciation of right-of-use assets	52,877										52,877
Write-done of properties held for sale	139,829										139,829
Impairment losses of financial assets, net	25,919										25,919
Impairment losses on items of property, plant and equipment	39,741										39,741
Allowance for obsolete inventories	4,747										4,747
Accrued rent-free rental income	(1,562)										(1,562)
Gain on modification/ termination of lease contracts	(13,737)										(13,737)
Loss on redemption of convertible notes	3,933										3,933
	476,538	7	(686)	1,482	1,298			(4,800)			473,839

	The Group for the year ended 31 March 2021	Pro forma adjustments									Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 15*	
Decrease in properties held for sale	377,478										377,478
Increase in properties under development	(1,481,769)		11,326	380,964	737,398						(352,081)
Increase in inventories	(12,074)										(12,074)
Increase in financial assets at fair value through profit or loss	(147,247)										(147,247)
Increase in cost of obtaining contracts	(20,170)										(20,170)
Decrease/(increase) in trade receivables, prepayments, other receivables and other assets	(27,284)		290	61,004	(26,673)						7,337
Increase in amounts due to the Post-Disposal Group	—	(7)	(15,700)	(443,981)	(340,475)				800,163		—
Increase in loans and interest receivables	(113,052)										(113,052)
Increase in trade payables	924										924
Increase in other payables and accruals	194,825		(161)	(1,303)	(4,309)						189,052
Decrease in contract liabilities	(16,930)										(16,930)
Increase in deposits received and receipts in advance	7,031										7,031
Cash generated from/(used in) operations	(761,730)		(4,931)	(1,834)	367,239			(4,800)	800,163		394,107
Tax paid	(256,952)										(256,952)
Net cash flows from/(used in) operating activities	(1,018,682)		(4,931)	(1,834)	367,239			(4,800)	800,163		137,155
Cash flows from investing activities											
Bank interest received	7,128										7,128
Dividend income from a joint venture	4,838										4,838
Dividend income from associates	3,873										3,873
Investments in joint ventures	(112,773)					(2,334,000)					(2,446,773)
Return of capital from joint ventures	870,190										870,190
Additions to investment properties	(72,736)										(72,736)
Purchases of items of property, plant and equipment	(64,764)										(64,764)
Purchases of financial assets at fair value through other comprehensive income	(321,077)										(321,077)
Proceeds from disposal of an associate	48,515										48,515
Proceeds from disposal of investment properties	4,992										4,992
Proceeds from disposal of property, plant and equipment	4,497										4,497
Proceeds from disposal of financial assets at fair value through other comprehensive income	931,055										931,055
Disposal of subsidiaries	91,683						1,944,070				2,035,753
Cash advanced to joint ventures	(547,873)										(547,873)
Repayments of loans from joint ventures	41,565										41,565
Increase in restricted bank balances	(13,036)										(13,036)
Net cash flows from investing activities	876,077					(2,334,000)	1,944,070				486,147

	The Group for the year ended 31 March 2021					Pro forma adjustments					Unaudited pro forma of the Post-Disposal Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 15*	
Cash flows from financing activities											
Interest paid	(268,173)		4,819								(263,354)
Dividends paid	(99,811)										(99,811)
Repayment of bank and other borrowings	(1,170,753)										(1,170,753)
Repurchase of the Company's shares	(48,133)										(48,133)
Acquisition of non-controlling interest	(39,802)										(39,802)
New bank and other borrowings	2,203,307			(196,787)	(371,410)						1,635,110
Redemption of convertible notes	(130,000)										(130,000)
Dividend paid to non-controlling shareholders	(60,160)										(60,160)
Principal portion of lease payments	(142,986)										(142,986)
Net cash flows from/(used in) financing activities	243,489		4,819	(196,787)	(371,410)						(319,889)
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,884		(112)	(198,621)	(4,171)	(2,334,000)	1,944,070	(4,800)	800,163		303,413
Cash and cash equivalents at beginning of year	1,575,810		(950)								1,574,860
Effect of foreign exchange rate changes, net	31,300										31,300
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,707,994		(1,062)	(198,621)	(4,171)	(2,334,000)	1,944,070	(4,800)	800,163		1,909,573

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-DISPOSAL GROUP

(1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, as set out in the published interim results announcement of the Group for the six months ended 30 September 2021, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, as set out in the published annual report of the Group for the year ended 31 March 2021.

(2) The adjustment represents the exclusion of assets and liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.

(3) The adjustment represents the exclusion of assets and liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.

(4) The adjustment represents the exclusion of assets and liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.

(5) The adjustment represents the exclusion of assets and liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.

(6) The adjustment represents exclusion of the results and cash flows of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.

(7) The adjustment represents exclusion of the results and cash flows of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.

(8) The adjustment represents exclusion of the results and cash flows of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.

(9) The adjustment represents exclusion of the results and cash flows of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.

(10) The adjustment represents the Group's contributions to the JV Company, assuming the maximum capital commitment by the Group of HK$2,334,000,000 had been paid on 1 April 2020 or 30 September 2021, as appropriate.

(11) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had been completed on 1 April 2020 or 30 September 2021, as appropriate. The pro forma gain on the Disposal, which is based on the total consolidated assets minus total consolidated liabilities other than the liability in respect of the shareholders' loans and bank loan (the "**Net Asset Value**") of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021, is calculated as follows:

	Notes	Seed Project 1 Holdco *HK$'000*	Seed Project 2 Holdco *HK$'000*	Seed Project 3 Holdco *HK$'000*	Seed Project 4 Holdco *HK$'000*	**Total** ***HK$'000***
Initial sum consideration		558,824	1,066,415	451,278	924,940	**3,001,457**
Adjustment for the consideration		—	—	—	(10,451)	**(10,451)**
Net consideration	*(i)*	558,824	1,066,415	451,278	914,489	**2,991,006**
Less: Net Asset Value of the Disposal Subsidiaries and their subsidiaries	*(ii)*	(558,824)	(1,066,415)	(451,278)	(914,489)	**(2,991,006)**
Pro forma gain on the Disposal		—	—	—	—	**—**
An analysis of the cash flows in respect of the Disposal is as follows:						
Cash consideration		558,824	1,066,415	451,278	914,489	**2,991,006**
Repayment of bank loans of Disposal Subsidiaries and their subsidiaries		(230,949)	(245,982)	(197,336)	(372,669)	**(1,046,936)**
Net inflow of cash and cash equivalents in respect of the Disposal		327,875	820,433	253,942	541,820	**1,944,070**

Notes:

(i) The initial sum of the consideration for Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco are HK$558,824,000, HK$1,066,415,000, HK$451,278,000 and HK$924,940,000, respectively. The initial sum of the considerations were adjusted to the Net Asset Value of the Disposal subsidiaries and their subsidiaries.

(ii) The Net Assets Value of the Disposal Subsidiaries and their subsidiaries are based on the unaudited financial information as at 30 September 2021, as set out in Appendices IIA to IID to this circular, is calculated as follows:

	Seed Project 1 Holdco	Seed Project 2 Holdco	Seed Project 3 Holdco	Seed Project 4 Holdco	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	561,465	1,071,828	451,313	918,863	**3,003,469**
Less: Total liabilities	(562,064)	(1,075,433)	(452,882)	(919,025)	**(3,009,404)**
	(599)	(3,605)	(1,569)	(162)	**(5,935)**
Add: Shareholders' loans	328,474	824,038	255,511	541,982	**1,950,005**
Bank loans	230,949	245,982	197,336	372,669	**1,046,936**
Net Asset Value of the Disposal subsidiaries and their subsidiaries	558,824	1,066,415	451,278	914,489	**2,991,006**

This pro forma adjustment will not have any continuing effect on the consolidated statement of cash flows of the Post-Disposal Group.

(12) This adjustment represents the estimated direct legal and professional costs related to the formation of the JV Company and the Disposal, which amounts to approximately HK$4,800,000.

(13) The adjustment represents the reclassification of the intra-group cash flows for the year ended 31 March 2021 as the Disposal Subsidiaries and their subsidiaries are no longer companies within the Post-Disposal Group after the completion of the Disposal.

(14) The adjustment represents the share of results of the Disposal Subsidiaries and their subsidiaries to the 25% non-controlling interests of WOP for the year ended 31 March 2021, assuming the formation of the JV Company and the Disposal had been completed on 1 April 2020. The profit or loss of the Disposal Subsidiaries and their subsidiaries are based on the results of the Disposal Subsidiaries for the year ended 31 March 2021, as set out in Appendices IIA to IID to this circular.

	Seed Project 1 Holdco *HK$'000*	Seed Project 2 Holdco *HK$'000*	Seed Project 3 Holdco *HK$'000*	Seed Project 4 Holdco *HK$'000*	**Total** ***HK$'000***
Profit/(loss) for the year	(7)	686	(1,482)	(1,298)	**(2,101)**
Attributable to the owners of the Company					**(1,576)**
Attributable to the 25% non-controlling ineterests of the Company					**(525)**
					(2,101)

(15) The adjustment represents the share of results of the Disposal Subsidiaries and their subsidiaries using the equity method of accounting for the year ended 31 March 2021, assuming the formation of the JV Company and the Disposal had been completed on 1 April 2020. The share of profit or loss of joint ventures represents 50% of the results of the Disposal Subsidiaries and their subsidiaries, which is based on the results of the Disposal Subsidiaries and their subsidiaries for the year ended 31 March 2021, as set out in Appendices IIA to IID to this circular. This adjustment is expected to have a continuing effect on the consolidated statement of profit or loss and other comprehensive income of the Group after the completion of the formation of the JV Company and the Disposal.

	Seed Project 1 Holdco *HK$'000*	Seed Project 2 Holdco *HK$'000*	Seed Project 3 Holdco *HK$'000*	Seed Project 4 Holdco *HK$'000*	**Total** ***HK$'000***
Profit/(loss) for the year ended 31 March 2021	(7)	686	(1,482)	(1,298)	**(2,101)**
Share of 50% of results					**(1,050)**
Attributable to the owners of the Company					**(788)**
Attributable to the 25% non-controlling ineterests of the Company					**(262)**
					(1,050)

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-DISPOSAL GROUP

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Group.

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

8 December 2021

To the Directors of Wang On Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors"**) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021, and related notes set out in section A of Appendix IIIA of the circular dated 8 December 2021 (the "**Circular"**) issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the (a) the formation of a joint venture in respect of Giant Harmony Limited (the "**JV Company**") on a 50:50 basis between Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect 75%-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder's loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner and (b) disposal of (i) the entire issued share capital of Spectrum Delight Limited ("**Seed Project 1 Holdco**") and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited ("**Seed Project 2 Holdco**") and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited ("**Seed Project 3 Holdco**") and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited ("**Seed Project 4 Holdco**", together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the "**Disposal Subsidiaries**") and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the "**Disposal**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix IIIA to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the formation of the JV Company and the Disposal on the Group's financial position as at 30 September 2021 and the Group's financial performance and cash flows for the year ended 31 March 2021 as if the formation of the JV Company and the Disposal had taken place on 30 September 2021 and 1 April 2020, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2021 and published interim results announcement for the six months ended 30 September 2021.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") *7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the formation of the JV Company and the Disposal on unadjusted financial information of the Group as if the formation of the JV Company and the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the formation of the JV Company and the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the formation of the JV Company and the Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE OPTION-REMAINING GROUP

Introduction

The following is an illustrative unaudited pro forma consolidated financial information (the "**Unaudited Pro Forma Financial Information**") of the remaining group of Wang On Group Limited (the "**Company**") and its subsidiaries (hereafter collectively referred to as the "**Group**"), immediately after (a) the formation of a joint venture in respect of Giant Harmony Limited (the "**JV Company**") on a 50:50 basis between Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect 75%-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder's loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner; (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited ("**Seed Project 1 Holdco**") and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited ("**Seed Project 2 Holdco**") and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited ("**Seed Project 3 Holdco**") and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited ("**Seed Project 4 Holdco**", together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the "**Disposal Subsidiaries**") and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the "**Disposal**"); and (c) the exercise by the APG JV Partner of certain options granted by the WOP JV Partner to the APG JV Partner (collectively, the "**Disposal Options**"), whereby the WOP JV Partner shall sell all its equity and loan interest in the JV Company to the APG JV Partner (the "**Exit**"). The remaining group of the Group after the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit are hereinafter referred to as the "**Option-Remaining Group**". The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Option-Remaining Group as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Option-Remaining Group for the year ended 31 March 2021, which have been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit.

The preparation of the unaudited pro forma consolidated statement of financial position of the Option-Remaining Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, which has been extracted from the published interim results announcement of the Group for the six months ended 30 September 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been completed on 30 September 2021.

The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Option-Remaining Group is based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, which have been extracted from the published annual report of the Group for the year ended 31 March 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been completed on 1 April 2020.

A narrative description of the pro forma adjustments of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial position or cash flows of the Option-Remaining Group had the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit been completed as at the respective dates to which it is made up to or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Option-Remaining Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 March 2021, the published interim results announcement of the Company for the six months ended 30 September 2021, the financial information of the Disposal Subsidiaries and their subsidiaries as set out in Appendices IIA to IID to this circular, the joint announcement of the Company and Wang On Properties Limited ("**WOP**") dated 8 November 2021 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Option-Remaining Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OPTION-REMAINING GROUP

	The Group as at 30 September 2021	Pro forma adjustments								Unaudited pro forma of the Option-Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	
NON-CURRENT ASSETS										
Property, plant and equipment	1,312,213									1,312,213
Investment properties	4,143,669									4,143,669
Properties under development	2,366,640	(492,581)	(927,551)		(796,867)					149,641
Investments in joint ventures	1,855,851					2,334,000			(2,334,000)	1,855,851
Investments in associates	38,891									38,891
Financial assets at fair value through other comprehensive income	416,284									416,284
Financial assets at fair value through profit or loss	181,351									181,351
Loans and interest receivables	20,177									20,177
Prepayments, other receivables and other assets	374,612	(68,130)	(142,185)		(119,451)					44,846
Deferred tax assets	9,562									9,562
Total non-current assets	10,719,250	(560,711)	(1,069,736)		(916,318)	2,334,000			(2,334,000)	8,172,485
CURRENT ASSETS										
Properties under development	3,528,978			(388,351)						3,140,627
Properties held for sale	2,241,438									2,241,438
Inventories	176,396									176,396
Trade receivables	100,559									100,559
Loans and interest receivables	479,737									479,737
Prepayments, other receivables and other assets	628,232	(53)	(1,260)	(60,919)	(30)					565,970
Cost of obtaining contracts	58,710									58,710
Financial assets at fair value through other comprehensive income	246,985									246,985
Financial assets at fair value through profit or loss	349,703									349,703
Tax recoverable	37,490									37,490
Pledged deposit	30,131									30,131
Restricted bank balances	21,547									21,547
Cash and cash equivalents	1,544,383	(701)	(832)	(2,043)	(2,515)	(2,334,000)	1,944,070	(4,800)	2,334,000	3,477,562
	9,444,289	(754)	(2,092)	(451,313)	(2,545)	(2,334,000)	1,944,070	(4,800)	2,334,000	10,926,855
Assets classified as held for sale	585,987									585,987
Total current assets	10,030,276	(754)	(2,092)	(451,313)	(2,545)	(2,334,000)	1,944,070	(4,800)	2,334,000	11,512,842
CURRENT LIABILITIES										
Trade payables	111,392									111,392
Other payables and accruals	966,816	(2,641)	(5,413)	(35)	(4,374)					954,353
Amounts due to the Option-Remaining Group	—	(328,474)	(824,038)	(255,511)	(541,982)		1,950,005			—
Contract liabilities	500,083									500,083
Financial liabilities at fair value through profit or loss	2,953									2,953
Interest-bearing bank and other borrowings	3,124,676		(245,982)							2,878,694
Convertible notes	134,484									134,484
Tax payable	148,917									148,917
	4,989,321	(331,115)	(1,075,433)	(255,546)	(546,356)		1,950,005			4,730,876
Liabilities classified as held for sale	200,301									200,301
Total current liabilities	5,189,622	(331,115)	(1,075,433)	(255,546)	(546,356)		1,950,005			4,931,177
NET CURRENT ASSETS	4,840,654	330,361	1,073,341	(195,767)	543,811	(2,334,000)	(5,935)	(4,800)	2,334,000	6,581,665
TOTAL ASSETS LESS CURRENT LIABILITIES	15,559,904	(230,350)	3,605	(195,767)	(372,507)		(5,935)	(4,800)		14,754,150

	The Group as at 30 September 2021				Pro forma adjustments					Unaudited pro forma of the Option-Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	
NON-CURRENT LIABILITIES										
Unsecured notes	209,181									209,181
Interest-bearing bank and other borrowings	4,104,567	(230,949)		(197,336)	(372,669)					3,303,613
Financial liabilities at fair value through profit or loss	11,766									11,766
Other payables	572,729									572,729
Deferred tax liabilities	675,325									675,325
Total non-current liabilities	5,573,568	(230,949)		(197,336)	(372,669)					4,772,614
Net assets	9,986,336	599	3,605	1,569	162		(5,935)	(4,800)		9,981,536
EQUITY										
Equity attributable to owners of the parent										
Issued capital	166,575									166,575
Reserves	6,239,443	599	3,605	1,569	162		(5,935)	(4,006)		6,235,437
	6,406,018	599	3,605	1,569	162		(5,935)	(4,006)		6,402,012
Non-controlling interests	3,580,318							(794)		3,579,524
Total equity	9,986,336	599	3,605	1,569	162		(5,935)	(4,800)		9,981,536

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE OPTION-REMAINING GROUP

	The Group for the year ended 31 March 2021	Pro forma adjustments						Unaudited pro forma of the Option-Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 15*	
REVENUE								
Revenue from contracts with customers	1,310,387							1,310,387
Interest income from treasury operation	175,234							175,234
Revenue from other sources	407,964							407,964
Total revenue	1,893,585							1,893,585
Cost of sales	(1,135,644)							(1,135,644)
Gross profit	757,941							757,941
Other income and gains, net	186,629		(3,597)	(205)	(1,793)			181,034
Selling and distribution expenses	(234,372)							(234,372)
Administrative expenses	(480,440)	7	2,911	1,687	3,091	(4,800)		(477,544)
Impairment losses of financial assets, net	(25,919)							(25,919)
Other expenses	(44,182)							(44,182)
Finance costs	(249,532)							(249,532)
Fair value losses on financial instruments at fair value through profit of loss, net	(32,595)							(32,595)
Fair value losses on owned investment properties, net	(95,391)							(95,391)
Write-down of properties held for sale	(139,829)							(139,829)
Share of profits and losses of:								
Joint ventures	594,798							594,798
Associates	4,654							4,654
PROFIT BEFORE TAX	241,762	7	(686)	1,482	1,298	(4,800)		239,063
Income tax expense	(139,964)							(139,964)
PROFIT FOR THE YEAR	101,798	7	(686)	1,482	1,298	(4,800)		99,099

	The Group for the year ended 31 March 2021	Pro forma adjustments						Unaudited pro forma of the Option-Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 15*	
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	54,577							54,577
Reclassification adjustments for gains included in profit or loss:								
— reversal of impairment losses, net	(6,972)							(6,972)
— gain on disposal/redemption, net	(365)							(365)
	(7,337)							(7,337)
Exchange differences on translation of foreign operations	286,739							286,739
Other reserves:								
Share of other comprehensive income of joint ventures	9,337							9,337
Share of other comprehensive income of associates	9,978							9,978
Release of other reserve upon disposal of an associate	19,378							19,378
	38,693							38,693
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	372,672							372,672

	The Group for the year ended 31 March 2021	**Pro forma adjustments**						**Unaudited pro forma of the Option-Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 12*	*Note 15*	
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:								
Equity investments at fair value through other comprehensive income:								
Changes in fair value	102,003							102,003
Deferred tax	—							—
	102,003							102,003
Share of other comprehensive loss of an associate	(869)							(869)
Fair value adjustment upon transfer from owner-occupied property to investment property, net of tax	58,683							58,683
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	159,817							159,817
OTHER COMPREHENSIVE INCOME FOR THE YEAR	532,489							532,489
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	634,287	7	(686)	1,482	1,298	(4,800)		631,588
Profit/(loss) attributable to:								
Owners of the parent	123,884	7	(686)	1,482	1,298	(4,006)	(525)	121,454
Non-controlling interests	(22,086)					(794)	525	(22,355)
	101,798	7	(686)	1,482	1,298	(4,800)		99,099
Total comprehensive income attributable to:								
Owners of the parent	411,512	7	(686)	1,482	1,298	(4,006)	(525)	409,082
Non-controlling interests	222,775					(794)	525	222,506
	634,287	7	(686)	1,482	1,298	(4,800)		631,588

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE OPTION-REMAINING GROUP

	The Group for the year ended 31 March 2021				**Pro forma adjustments**						**Unaudited pro forma of the Option-Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
CASH FLOWS FROM OPERATING ACTIVITIES											
Profit before tax	241,762	7	(686)	1,482	1,298			(4,800)			239,063
Adjustments for:											
Finance costs	249,532										249,532
Share of profits and losses of joint ventures and associates	(599,452)										(599,452)
Bank interest income	(7,128)										(7,128)
Imputed interest income from debt investments	(12,971)										(12,971)
Loss on disposal of investment properties, net	208										208
Loss on disposal of property, plant and equipment, net	300										300
Gain on disposal/redemption of debt investments at fair value through other comprehensive income, net	(365)										(365)
Gain on disposal of subsidiaries, net	(30,688)										(30,688)
Gain on disposal of an associate	(16,863)										(16,863)
Fair value losses on financial liabilities at fair value through profit or loss, net	14,359										14,359
Fair value losses on owned investment properties, net	95,391										95,391
Fair value losses on sub-leased investment properties, net	206,409										206,409
COVID-19-related rent concessions from lessors	(6,888)										(6,888)
Depreciation of owned assets	91,185										91,185
Depreciation of right-of-use assets	52,877										52,877
Write-done of properties held for sale	139,829										139,829
Impairment losses of financial assets, net	25,919										25,919
Impairment losses on items of property, plant and equipment	39,741										39,741
Allowance for obsolete inventories	4,747										4,747
Accrued rent-free rental income	(1,562)										(1,562)
Gain on modification/ termination of lease contracts	(13,737)										(13,737)
Loss on redemption of convertible notes	3,933										3,933
	476,538	7	(686)	1,482	1,298			(4,800)			473,839

	The Group for the year ended 31 March 2021	Pro forma adjustments									Unaudited pro forma of the Option-Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
Decrease in properties held for sale	377,478										377,478
Increase in properties under development	(1,481,769)		11,326	380,964	737,398						(352,081)
Increase in inventories	(12,074)										(12,074)
Increase in financial assets at fair value through profit or loss	(147,247)										(147,247)
Increase in cost of obtaining contracts	(20,170)										(20,170)
Decrease/(increase) in trade receivables, prepayments, other receivables and other assets	(27,284)		290	61,004	(26,673)						7,337
Increase in amounts due to the Option-Remaining Group	—	(7)	(15,700)	(443,981)	(340,475)					800,163	—
Increase in loans and interest receivables	(113,052)										(113,052)
Increase in trade payables	924										924
Increase in other payables and accruals	194,825		(161)	(1,303)	(4,309)						189,052
Decrease in contract liabilities	(16,930)										(16,930)
Increase in deposits received and receipts in advance	7,031										7,031
Cash generated from/(used in) operations	(761,730)		(4,931)	(1,834)	367,239			(4,800)		800,163	394,107
Tax paid	(256,952)										(256,952)
Net cash flows from/(used in) operating activities	(1,018,682)		(4,931)	(1,834)	367,239			(4,800)		800,163	137,155
Cash flows from investing activities											
Bank interest received	7,128										7,128
Dividend income from a joint venture	4,838										4,838
Dividend income from associates	3,873										3,873
Investments in joint ventures	(112,773)					(2,334,000)					(2,446,773)
Return of capital from joint ventures	870,190										870,190
Additions to investment properties	(72,736)										(72,736)
Purchases of items of property, plant and equipment	(64,764)										(64,764)
Purchases of financial assets at fair value through other comprehensive income	(321,077)										(321,077)
Proceeds from disposal of a joint venture	—								2,334,000		2,334,000
Proceeds from disposal of an associate	48,515										48,515
Proceeds from disposal of investment properties	4,992										4,992
Proceeds from disposal of property, plant and equipment	4,497										4,497
Proceeds from disposal of financial assets at fair value through other comprehensive income	931,055										931,055
Disposal of subsidiaries	91,683						1,944,070				2,035,753
Cash advanced to joint ventures	(547,873)										(547,873)
Repayments of loans from joint ventures	41,565										41,565
Increase in restricted bank balances	(13,036)										(13,036)
Net cash flows from investing activities	876,077					(2,334,000)	1,944,070		2,334,000		2,820,147

	The Group for the year ended 31 March 2021				**Pro forma adjustments**						**Unaudited pro forma of the Option-Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 6*	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
Cash flows from financing activities											
Interest paid	(268,173)		4,819								(263,354)
Dividends paid	(99,811)										(99,811)
Repayment of bank and other borrowings	(1,170,753)										(1,170,753)
Repurchase of the Company's shares	(48,133)										(48,133)
Acquisition of non-controlling interest	(39,802)										(39,802)
New bank and other borrowings	2,203,307			(196,787)	(371,410)						1,635,110
Redemption of convertible notes	(130,000)										(130,000)
Dividend paid to non-controlling shareholders	(60,160)										(60,160)
Principal portion of lease payments	(142,986)										(142,986)
Net cash flows from/(used in) financing activities	243,489		4,819	(196,787)	(371,410)						(319,889)
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,884		(112)	(198,621)	(4,171)	(2,334,000)	1,944,070	(4,800)	2,334,000	800,163	2,637,413
Cash and cash equivalents at beginning of year	1,575,810		(950)								1,574,860
Effect of foreign exchange rate changes, net	31,300										31,300
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,707,994		(1,062)	(198,621)	(4,171)	(2,334,000)	1,944,070	(4,800)	2,334,000	800,163	4,243,573

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE OPTION-REMAINING GROUP

(1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, as set out in the published interim results announcement of the Group for the six months ended 30 September 2021, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, as set out in the published annual report of the Group for the year ended 31 March 2021.

(2) The adjustment represents the exclusion of assets and liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.

(3) The adjustment represents the exclusion of assets and liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.

(4) The adjustment represents the exclusion of assets and liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.

(5) The adjustment represents the exclusion of assets and liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.

(6) The adjustment represents exclusion of the results and cash flows of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.

(7) The adjustment represents exclusion of the results and cash flows of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.

(8) The adjustment represents exclusion of the results and cash flows of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.

(9) The adjustment represents exclusion of the results and cash flows of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.

(10) The adjustment represents the Group's contributions to the JV Company, assuming the maximum capital commitment by the Group of HK$2,334,000,000 had been paid on 1 April 2020 or 30 September 2021, as appropriate.

(11) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had been completed on 1 April 2020 or 30 September 2021, as appropriate. The pro forma gain on the Disposal, which is based on the total consolidated assets minus total consolidated liabilities other than the liability in respect of the shareholders' loans and bank loan (the "**Net Asset Value**") of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021, is calculated as follows:

	Notes	Seed Project 1 Holdco *HK$'000*	Seed Project 2 Holdco *HK$'000*	Seed Project 3 Holdco *HK$'000*	Seed Project 4 Holdco *HK$'000*	**Total** ***HK$'000***
Initial sum consideration		558,824	1,066,415	451,278	924,940	**3,001,457**
Adjustment for the consideration		—	—	—	(10,451)	**(10,451)**
Net consideration	*(i)*	558,824	1,066,415	451,278	914,489	**2,991,006**
Less: Net Asset Value of the Disposal Subsidiaries and their subsidiaries	*(ii)*	(558,824)	(1,066,415)	(451,278)	(914,489)	**(2,991,006)**
Pro forma gain on the Disposal		—	—	—	—	**—**
An analysis of the cash flows in respect of the Disposal is as follows:						
Cash consideration		558,824	1,066,415	451,278	914,489	**2,991,006**
Repayment of bank loans of Disposal Subsidiaries and their subsidiaries		(230,949)	(245,982)	(197,336)	(372,669)	**(1,046,936)**
Net inflow of cash and cash equivalents in respect of the Disposal		327,875	820,433	253,942	541,820	**1,944,070**

Notes:

(i) The initial sum of the consideration for Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco are HK$558,824,000, HK$1,066,415,000, HK$451,278,000 and HK$924,940,000, respectively. The initial sum of the considerations were adjusted to the Net Asset Value of the Disposal subsidiaries and their subsidiaries.

(ii) The Net Assets Value of the Disposal Subsidiaries and their subsidiaries are based on the unaudited financial information as at 30 September 2021, as set out in Appendices IIA to IID to this circular, is calculated as follows:

	Seed Project 1 Holdco	Seed Project 2 Holdco	Seed Project 3 Holdco	Seed Project 4 Holdco	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	561,465	1,071,828	451,313	918,863	**3,003,469**
Less: Total liabilities	(562,064)	(1,075,433)	(452,882)	(919,025)	**(3,009,404)**
	(599)	(3,605)	(1,569)	(162)	**(5,935)**
Add: Shareholders' loans	328,474	824,038	255,511	541,982	**1,950,005**
Bank loans	230,949	245,982	197,336	372,669	**1,046,936**
Net Asset Value of the Disposal subsidiaries and their subsidiaries	558,824	1,066,415	451,278	914,489	**2,991,006**

This pro forma adjustment will not have any continuing effect on the consolidated statement of cash flows of the Option-Remaining Group.

(12) This adjustment represents the estimated direct legal and professional costs related to the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit, which amounts to approximately HK$4,800,000.

(13) This adjustment represents exercise of the Disposal Options and the Exit, assuming the consideration of the Exit was HK$2,334,000,000, which is the fair value of the 50% shares of the JV Company held by the Group and equal to the maximum capital commitment by the Group, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.

(14) The adjustment represents the reclassification of the intra-group cash flows for the year ended 31 March 2021 as the Disposal Subsidiaries and their subsidiaries are no longer companies within the Option-Remaining Group after the completion of the Disposal.

(15) The adjustment represents the share of results of the Disposal Subsidiaries and their subsidiaries to the 25% non-controlling interests of WOP for the year ended 31 March 2021, assuming the formation of the JV Company, the Disposal and the exercise of the Disposal Options and the Exit had been completed on 1 April 2020. The profit or loss of the Disposal Subsidiaries and their subsidiaries are based on the results of the Disposal Subsidiaries and their subsidiaries for the year ended 31 March 2021, as set out in Appendices IIA to IID to this circular.

	Seed Project 1 Holdco	Seed Project 2 Holdco	Seed Project 3 Holdco	Seed Project 4 Holdco	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Profit/(loss) for the year	(7)	686	(1,482)	(1,298)	**(2,101)**
Attributable to the owners of the Company					**(1,576)**
Attributable to the 25% non-controlling interests of the Company					**(525)**
					(2,101)

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE OPTION-REMAINING GROUP

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Group.

EY安永

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

8 December 2021

To the Directors of Wang On Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021, and related notes set out in section A of Appendix IIIB of the circular dated 8 December 2021 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with (a) the formation of a joint venture in respect of Giant Harmony Limited (the "**JV Company**") on a 50:50 basis between Stichting Depositary APG Strategic Real Estate Pool (the "**APG JV Partner**") and Lucky Dynasty International Limited (the "**WOP JV Partner**"), an indirect 75%-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder's loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner; (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited ("**Seed Project 1 Holdco**") and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited ("**Seed Project 2 Holdco**") and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited ("**Seed Project 3 Holdco**") and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited ("**Seed Project 4 Holdco**", together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the "**Disposal Subsidiaries**") and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the "**Disposal**"); and (c) the exercise by the APG JV Partner of certain options granted by the WOP JV Partner to the APG JV Partner (collectively, the "**Disposal Options**"), whereby the WOP JV Partner shall sell all its equity and loan interest in the JV Company to the APG JV Partner (the "**Exit**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix IIIB to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit on the Group's financial position as at 30 September 2021 and the Group's financial performance and cash flows for the year ended 31 March 2021 as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had taken place on 30 September 2021 and 1 April 2020, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2021 and published interim results announcement for the six months ended 30 September 2021.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit on unadjusted financial information of the Group as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Seed Projects as at 30 September 2021.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, HK
香港灣仔軒尼詩道145號安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3521 9591

8 December 2021

The Board of Directors
Wang On Group Limited
Suite 3202 32/F
Skyline Tower
No. 39 Wang Kwong Road
Kowloon Bay Kowloon

Dear Sirs,

Re: Valuation of Properties situated in Hong Kong

In accordance with the instructions from Wang On Group Limited (the "**Company**") to value certain property development sites (the "**Seed Projects**") held by the Company or its subsidiaries (altogether referred to as the "**Group**"), we confirm that we have carried out inspection of the Seed Projects, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Seed Projects as at 30 September 2021 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation of the Seed Projects represents its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the Seed Projects. However, we have not verified ownerships of the Seed Projects or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION METHODOLOGY

In valuing the Seed Projects as development sites, we have adopted the Market Approach assuming sale of each of the Seed Projects in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. For the project(s) of which construction work has commenced and categorized as property under development in this report, we have taken into account the construction costs that have been expended up to the Valuation Date in arriving at their existing state market values.

In valuing market value as if it were fully completed on the Valuation Date for those Seed Projects categorized as properties under development, we have assumed that each of them on the basis that it will be developed and completed in accordance with the latest development scheme provided to us by the Company on the assumption that all relevant consents, approvals and licenses from the relevant Government authorities for the development scheme and for the construction work commencement have been obtained without onerous conditions or delays. The determined value represents our opinion of the aggregate selling prices of all the components or units of the concerned project as assessed using the Market Approach assuming it were fully completed on the Valuation Date.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Seed Projects on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Seed Projects.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Seed Projects nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Seed Projects are free from encumbrances, restrictions, outgoings of an onerous nature and any third party rights, which could affect their values.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Seed Projects but have assumed that the site areas and the floor areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Seed Projects were last inspected on 2 October 2021 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Seed Projects. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, she has ascertained the following matters of the Seed Projects as at the date of site inspection:

- the general environment and development conditions of the area in which the Seed Projects are situated;
- the existing development status and the existing uses of the Seed Projects;
- the occupancy of the Seed Projects;
- the facilities provided by the Seed Projects; and
- the existence of any closure order and resumption order affixed to the Seed Projects.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Seed Projects, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

All market values of the Seed Projects are denominated in Hong Kong Dollars.

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market value in existing state as at 30 September 2021 *HK$*
Group I: Property interests held by the Group for future development	
1. Nos. 34-36 Main Street Nos. 5-9 Wai Fung Street Ap Lei Chau Hong Kong (Seed Project 1)	493,000,000
2. Nos. 26-48 Ming Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 2)	928,000,000
3. Nos. 31-41, 45 Fei Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 4)	800,000,000
Sub-total:	2,221,000,000
Group II: Property interests held by the Group under development	
4. Nos. 120-126 Main Street Ap Lei Chau Hong Kong (Seed Project 3)	390,000,000
Sub-total:	**390,000,000**
Grand Total:	**2,611,000,000**

VALUATION CERTIFICATE

Group I - Property interests held by the Group for future development

Property No. 1	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
Nos. 34-36 Main Street Nos. 5-9 Wai Fung Street Ap Lei Chau Hong Kong (Seed Project 1) Ap Lei Chau Inland Lot Nos. 50ARP, 50RP, 51, 54RP and 59	The property comprises a development site with an area of approximately 4,126 square feet on which 4 contiguous 7-storey tenement blocks were erected as at the Valuation Date. They were completed in between 1979 and 1988. The property is falling within the early established residential area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail shops. The Ap Lei Chau Waterfront Promenade Community Garden and the Hung Shing Street Rest Garden are abutting to the property at the north. An exit of the MTR (Lei Tung) Station is within easy walking distant from the property.	As confirmed by the Company, the property is currently vacant and is pending for redevelopment.	493,000,000

Property No. 1	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
	The property is planned to be developed into a 24-storey residential building with a total gross floor area of approximately 38,562 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of approximately 2,736 square feet shall be provided on the ground floor and residents' facilities with a total gross floor area of 840 square feet shall be provided on 1st floor of the proposed development. As advised by the Company, demolition of the existing buildings of the property shall commence in 2022. Ap Lei Chau Inland Lot Nos. 50ARP and 50RP are held under a Government Lease for a term of 75 years renewable for 75 years commencing on 1 January 1910. Ap Lei Chau Inland Lot No. 51 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 19 October 1933. Ap Lei Chau Inland Lot No. 54 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 3 February 1934.		

Property No. 1	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
	Ap Lei Chau Inland Lot No. 59 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 19 October 1933. The total annual Government rent of the property is HK$53,343.		

Notes:

1. The registered owner of the property is Rich Dragon Limited, a wholly-owned subsidiary of the Group via memorial nos. 21072200780141, 21072300550015, 21072300550028, 21072300550036, 21072300550046, 21072300550055, 21072300550069, 21072300550075, 21072300550084, 21072300550090, 21072300550103, 21072300550118, 21072300550121, 21072300550131, 21072300550141, 21072300550153, 21072300550161, 21072300550173, 21072300550185, 21072300550208, 21072300550215, 21072300550220, 21072300550239, 21072300550245, 21072300550254, 21072300550265, 21072300550275, 21072300550280, 21072300550291 and 21072300550314 all dated 2 July 2021, memorial nos. 21072300550193 and 21081000090022 all dated 23 July 2021 and memorial no. 21090200760332 dated 6 August 2021.

2. The following encumbrances were registered against the property as at valuation date:

   - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21072300550325 dated 2 July 2021 and memorial no. 21081000090039 dated 10 August 2021.

   - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21072300550338 dated 2 July 2021 and memorial no. 21081000090045 dated 10 August 2021.

3. The existing building standing on Nos. 5-7 Wai Fung Street of the property is subject to Notice No. "UMW/50C108/1401-120/0018" issued by the Building Authority under Section 30C(3) of the Building Ordinance registered via memorial no. 21012500700245 dated 19 June 2015 and Notice No. "UMW/50C108/1401-120/0018" issued by the Building Authority under Section 30B(3) of the Building Ordinance registered via memorial no. 21012500700250 dated 19 June 2015.

4. The existing building standing on Nos. 34-36 Main Street of the property is subject to Notice No. "DR00410/HK/17" issued by the Building Authority under Section 28(3) of the Building Ordinance registered via memorial no. 17102502120076 dated 29 September 2017.

5. 1st Floor including Flat Roofs appertaining thereto, No. 34 Main Street of the property is subject to Notice No. "WC/TA01987/07/HK-Q07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 08060500430087 dated 12 July 2007.

6. As provided in the Government leases of the property, the subject land lots, the building thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever.

7. The property falls within an area zoned "Residential (Group A)2" under the Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 with a building height restriction of 85 metres (or approximately 279 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet).

VALUATION CERTIFICATE

Group I - Property interests held by the Group for future development

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
Nos. 26-48 Ming Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 2) New Kowloon Inland Lot Nos. 4470, 4556 and 4566	The property comprises a development site with an area of approximately 9,630 square feet on which 8 contiguous 7 to 8-storey tenement blocks were erected as at the Valuation Date. They were completed in between 1962 and 1965. The subject locality is well established residential area featured with public housing estates and wide range of Government/Institution/Community facilities including schools, clinic, hospitals, wet market and the like. The property is falling within an early developed area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail facilities. The MTR (Wong Tai Sin) Station is about 0.7 kilometres at the south of the property.	As confirmed by the Company, the property is currently vacant and is pending for redevelopment.	928,000,000

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
	The property is planned to be developed into a residential development with a total gross floor area of approximately 81,276 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of 8,302 square feet shall be provided on the ground floor and a residents' clubhouse with a gross floor area of 720 square feet shall be provided on 1st Floor of the proposed development. As advised by the Company, demolition of the existing buildings of the property shall commence in 2022. New Kowloon Inland Lot No. 4470 is held under Conditions of Exchange No. 6746 for a term of 99 years commencing on 1 July 1898. New Kowloon Inland Lot No. 4556 is held under a Government lease for a term of 99 years commencing on 1 July 1898. New Kowloon Inland Lot No. 4566 is held under Conditions of Exchange No. 7217 for a term of 99 years commencing on 1 July 1898. The lease terms of all the above land lots have been statutorily extended to 30 June 2047 at an annual Government rent at 3% of their rateable values.		

Notes:

1. The registered owner of the property is Joint Hope Limited, a wholly-owned subsidiary of the Group via memorial no. 21101802680293 dated 27 September 2021.

2. All units of the property (except Unit B to D on Ground Floor, Unit D on 1st Floor, Unit E on 1st Floor, Unit F on 5th Floor and Unit C on 7th Floor of Nos. 26 to 32A Ming Fung Street, Unit A & B on 1st Floor, Unit A on 2nd Floor and Unit A on 3rd Floor of Nos. 34-36 Ming Fung Street, Ground Floor & 1st Floor of No. 38 Ming Fung Street, Ground Floor of No. 40 Ming Fung Street, Ground Floor of No. 44 Ming Fung Street, Ground Floor of No. 46 Ming Fung Street, Ground Floor & 2nd Floor of No. 48 Ming Fung Street) are subject to Mortgage in favour of Hang Seng Bank Limited registered via memorial no. 19032102130228 dated 26 February 2019.

3. The existing building standing on Nos. 38-48 Ming Fung Street of the property is subject to the following building orders issued by the Building Authority:

   - Superseding Notice No. "UMB/MB051203-042/0032" issued by the Building Authority under Section 30B(3) of the Building Ordinance registered via memorial no. 18080302160032 dated 27 June 2018

   - Superseding Notice No. "WNZ/U05-04/0013/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 10040100690036 dated 28 August 2009 (in relation to Ground Floor of No. 38 Ming Fung Street)

   - Notice No. "WC/TC00205/16/K-V12" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510263 dated 27 May 2016 (in relation to Ground Floor of No. 38 Ming Fung Street)

   - Notice No. "WNZ/U05-04/0007/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890675 dated 10 February 2009 (in relation to 1st Floor of No. 38 Ming Fung Street)

   - Order No. "UBCSN/06-91/0007/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 18071001750357 dated 11 May 2018 (in relation to 1st Floor of No. 38 Ming Fung Street)

   - Notice No. "WNZ/U05-04/0002/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890641 dated 10 February 2009 (in relation to Ground Floor of No. 40 Ming Fung Street)

   - Notice No. "WNZ/U05-04/0008/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890689 dated 10 February 2009 (in relation to 1st Floor of No. 40 Ming Fung Street)

   - Order No. "UBCSN/06-91/0008/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 18071001750363 dated 11 May 2018 (in relation to 1st Floor of No. 40 Ming Fung Street)

   - Notice No. "WNZ/U05-04/0003/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09090101210351 dated 10 February 2009 (in relation to Ground Floor of No. 42 Ming Fung Street)

   - Notice No. "WC/TC00043/16/K-V12" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510259 dated 27 May 2016 (in relation to Ground Floor of No. 42 Ming Fung Street)

- Superseding Notice No. "UBCSN/06-91/0021/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030031 dated 31 May 2019 (in relation to Ground Floor of No. 42 Ming Fung Street)

- Notice No. "WNZ/U05-04/0009/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890696 dated 10 February 2009 (in relation to 1st Floor of No. 42 Ming Fung Street)

- Superseding Notice No. "UBCSN/06-91/0023/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030040 dated 31 May 2019 (in relation to 1st Floor of No. 42 Ming Fung Street)

- Notice No. "WNZ/U05-04/0004/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890659 dated 10 February 2009 (in relation to Ground Floor of No. 44 Ming Fung Street)

- Notice No. "WC/TC00206/16/K-V12" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510272 dated 27 May 2016 (in relation to Ground Floor of No. 44 Ming Fung Street)

- Superseding Notice No. "UBCSN/06-91/0024/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030057 dated 31 May 2019 (in relation to 1st Floor of No. 44 Ming Fung Street)

- Notice No. "WNZ/U05-04/0005/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890669 dated 10 February 2009 (in relation to Ground Floor of No. 46 Ming Fung Street)

- Notice No. "WNZ/U05-04/0011/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890710 dated 10 February 2009 (in relation to 1st Floor of No. 46 Ming Fung Street)

- Superseding Order No. "UBCSN/06-91/0025/13" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030066 dated 31 May 2019 (in relation to 1st Floor of No. 46 Ming Fung Street)

- Notice No. "WNZ/U05-04/0006/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09090101210363 dated 10 February 2009 (in relation to Ground Floor of No. 48 Ming Fung Street)

- Notice No. "WC/TC00042/16/K-V12" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510243 dated 27 May 2016 (in relation to Ground Floor of No. 48 Ming Fung Street)

- Notice No. "WNZ/U05-04/0012/07" issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890723 dated 10 February 2009 (in relation to 1st Floor of No. 48 Ming Fung Street)

4. As provided in Conditions of Exchange No. 6746, the salient terms concerning the use and development of New Kowloon Inland Lot No. 4470 are extracted as follows:

   - The lot shall not be used for industrial purposes and no factory building shall be erected thereon.

   - No house shall have a frontage of less than one third of its depth.

5. As provided in the Government lease of New Kowloon Inland Lot No. 4556, it is subject to the following restrictions concerning the use and development of the lot:

   - The lot or the buildings thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business.

   - The lot or the buildings thereon or any part of them except the ground floor or floors thereof will not be used or allow to be used for any purposes other than residential purposes.

   - The ground floor or floors of the building or buildings erected on the lot will not be used or allow to be used for any purposes other than residential or commercial purposes.

   - In no case will any house erected on the lot have a frontage of less than one third of its depth.

6. As provided in Conditions of Exchange No. 7217, the salient terms concerning the use and development of New Kowloon Inland Lot No. 4566 are extracted as follows:

   - The whole lot and any building or buildings erected thereon (other than the ground floor or floors thereof) shall be used for residential purposes only and the said ground floor or floors shall be used for residential or commercial purposes only.

   - No house shall have a frontage of less than one third of its depth.

7. The property falls within an area zoned "Residential (Group A)1" under the Approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 with a building height restriction of 100 metres (or approximately 328 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet) or 120 metres (393.7 feet) above the Principal Datum for land area is 400 square metres (or 4,305.6 square feet) or more. On land designed "Residential (Group A)1" zone, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in the plot ratio of the building upon development and/or redevelopment in excess of 7.5 for a domestic building or 9.0 for a building that is partly domestic and partly non-domestic or the plot ratio of the existing building, whichever is the greater.

VALUATION CERTIFICATE

Group I - Property interests held by the Group for future development

Property No. 3	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
Nos. 31-41, 45 Fei Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 4) New Kowloon Inland Lot Nos. 4965 and 5236	The property comprises a development site with an area of approximately 10,432 square feet on which two 7-storey domestic buildings and one 10-storey domestic building were erected as at the Valuation Date. They were completed in between 1970 and 1971. The lowest 2 floor levels of these buildings have been designated for non-domestic uses. The subject locality is well established residential area featured with public housing estates and wide range of Government/Institution/ Community facilities including schools, clinic, hospitals, wet market and the like. The property is falling within an early developed area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail facilities. The MTR (Wong Tai Sin) Station is about 0.7 kilometres at the south of the property.	As confirmed by the Company, the property is currently vacant and is pending for redevelopment.	800,000,000

Property No. 3	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
	The property is planned to be developed into a residential development with a total gross floor area of approximately 93,669 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of 14,462 square feet shall be provided on the lowest 2 floor levels and residents' amenity facilities with a total gross floor area of 1,150 square feet shall be provided on 1st & 2nd floor of the proposed development. As advised by the Company, no development schedule for the project has been planned as at the Valuation Date. New Kowloon Inland Lot No. 4965 is held under Conditions of Grant No. 8946 for a term of 99 years commencing on 1 July 1898. New Kowloon Inland Lot No. 5236 is held under a Government lease for a term of 99 years commencing on 1 July 1898. The lease terms of all the above land lots have been statutorily extended to 30 June 2047 at an annual Government rent at 3% of their rateable values.		

Notes:

1. The registered owner of all units (except Flat 3 on 2nd Floor) of Cheng Fung Mansion situated at Nos. 31-41 Fe Fung Street (constituting 88/90 shares of and in New Kowloon Inland Lot No. 4965 of the property) is Top Prince Limited, a wholly-owned subsidiary of the Group via memorial nos. 20102201360012, 20102301410040, 20102301410056, 20102701160079, 20102901140033, 20102901140048, 20102901140053, 20102901140066, 20102901140077, 20102901140081, 20103001390019, 20103001390026, 20103001390056, 20103001390063, 20103001390078, 20103001390100, 20110201090033, 20110201090049, 20110201090058, 20110201090069, 20110201090071, 20110201090108, 20110201090110, 20110201090129, 20110201090137, 20110201090146, 20110201090150, 20110401670021, 20110401670034, 20110401670088, 20110401670091 and 20110401670100 all dated 9 October 2020, memorial no. 21012801330097 dated 19 January 2021 and memorial no. 21082401380015 dated 30 July 2021.

2. The registered owner of Flat 3 on 2nd Floor of Cheng Fung Mansion situated at Nos. 31-41 Fe Fung Street (constituting 2/90 shares of and in New Kowloon Inland Lot No. 4965 of the property) is Chow Yin Wah via memorial no. UB838665 dated 28 September 1971.

3. The registered owner of No. 45 Fei Fung Street (New Kowloon Inland Lot No. 5236) of the property is Hopway Limited, a wholly-owned subsidiary of the Group via memorial nos. 20101201340029, 20101201340034, 20101201340049, 20101201340058, 20101201340067, 20101201340076, 20101402200040, 20101402200059, 20101402200065, 20101402200077, 20101402200086, 20101402200095, 20101402200106 and 20101402200111 all dated 15 September 2020, memorial nos. 20102201360020, 20102201360034, 20102201360046, 20102201360050, 20102201360063, 20102201360073 and 21010501240037 all dated 9 October 2020, memorial nos. 21102602000047 and 21102602000051 all dated 30 September 2021.

4. All units of Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street (except Flat 3 on 2nd Floor, Flat 5 on 2nd Floor, Flat 5 on 3rd Floor and Flat 6 on 3rd Floor thereof) are subject to the following registered encumbrances as at valuation date:

   - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970033 dated 28 December 2020.

   - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970049 dated 28 December 2020.

5. Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street is subject to Deed of Mutual Covenant registered via memorial no. UB831659 dated 17 September 1971.

6. A Sealed Copy Notice of Application to Lands Tribunal for an Order for Sale Under Land (Compulsory Sale for Redevelopment) Ordinance Land Compulsory Sale Main Application No. 33000/2020 with Top Prince Limited as the Applicant, Chow Yin Wah as the 1st Respondent, Very Sure Limited as the 2nd Respondent, Ho Fai Ting as the 3rd Respondent and Lau Hung as the 4th Respondent is registered against all units of Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street via memorial no. 20110902090518 dated 5 November 2020. As disclosed by the Lands Tribunal, the pre-trail review and the trial of the concerned application have been set down on 1 November 2021 and 9 December 2021 respectively.

7. The following encumbrances were registered against New Kowloon Inland Lot No. 5236 (No. 45 Fei Fung Street) of the property as at valuation date:

   - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970013 dated 28 December 2020.

   - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970023 dated 28 December 2020.

8. The existing building standing on No. 45 Fei Fung Street of the property is subject to the following building orders issued by the Building Authority:

- Order No. "CUC/C-C7/0002/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230335 dated 24 March 2021 (in relation to Ground Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0001/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230320 dated 24 March 2021 (in relation to Lower Ground Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0003/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230348 dated 24 March 2021 (in relation to 1st Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0004/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230356 dated 24 March 2021 (in relation to Flat 1 to 7 on 2nd Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0005/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230369 dated 24 March 2021 (in relation to Flat 4 on 4th Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0006/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230375 dated 24 March 2021 (in relation to Flat 3 on 6th Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0007/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230389 dated 24 March 2021 (in relation to Flat 4 on 6th Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0008/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230392 dated 24 March 2021 (in relation to Flat 5 on 6th Floor of No. 45 Fei Fung Street)

- Order No. "CUC/C-C7/0009/17" issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230407 dated 24 March 2021 (in relation to Flat 5 on 7th Floor of No. 45 Fei Fung Street)

9. As provided in the Conditions of Grant No. 8946, of NKIL No. 4965, the whole of New Kowloon Inland Lot No. 4965 of the property and any building or buildings erected thereon (other than the ground floor or floors thereof) shall be used for residential purposes only and the said ground floor or floors shall be used for residential or commercial purposes only. The lot shall not be used for industrial purposes and no factory building shall be erected on the lot.

10. As provided in the Government lease of New Kowloon Inland Lot No. 5236, it is subject to the following restrictions concerning the use and development of the lot:

- The whole or any part of the lot or any building erected thereon or any part of such building will not be used or allow to be used for industrial purposes and the lot will not be erected or allow to be erected any factory building.

- The whole or any part of the lot or any building erected thereon or any part of such building (other than the lower ground floor, ground floor and first floor or floors) will not be used or allow to be used for any purpose other than for residential purposes only.

- The lower ground floor, ground floor and first floor or floors of any building or buildings erected on the lot shall only be used for residential or non-industrial purposes only.

- The whole or any part of the lot or any building erected thereon or any part of such building will not be used for parking public vehicles or operating a taxi or public hire business or the assembly or repair or maintenance of motor vehicles or as a petrol filling or service station or motor vehicle show room.

- The lot or the buildings thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business.

11. The property falls within an area zoned "Residential (Group A)1" under the Approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 with a building height restriction of 100 metres (or approximately 328 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet) or 120 metres (393.7 feet) above the Principal Datum for land area is 400 square metres (or 4,305.6 square feet) or more. On land designed "Residential (Group A)1" zone, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in the plot ratio of the building upon development and/or redevelopment in excess of 7.5 for a domestic building or 9.0 for a building that is partly domestic and partly non-domestic or the plot ratio of the existing building, whichever is the greater.

VALUATION CERTIFICATE

Group II: Property interests held by the Group under development

Property No. 4	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
Nos. 120-126 Main Street Ap Lei Chau Hong Kong (Seed Project 3) Ap Lei Chau Inland Lot Nos. 81 & 93	The property comprises a development site with an area of approximately 3,634 square feet. The property is falling within the early established residential area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail shops. The Ap Lei Chau Waterfront Promenade Community Garden and the Ap Lei Chau Wind Tower Park are located at the north of the property with Marina Habitat, a Sandwich Class Housing Scheme, situated in between. An exit of the MTR (Lei Tung) Station is within easy walking distant from the property.	The property is currently under construction.	390,000,000

Property No. 4	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 *HKD*
	The property is planned to be developed into a 25-storey residential building with a total gross floor area of approximately 36,742 square feet. Out of the aforesaid total gross floor area, retail shop units and residents' amenity facilities with a total gross floor area of 2,245 square feet shall be provided on the ground floor and the 1st floor of the proposed development. The building plans of the property was approved by the Building Authority on 12 May 2021. As at the Valuation Date, construction of substructure was in progress and the development is scheduled for completion in 2023. Ap Lei Chau Inland Lot No. 81 is held under Conditions of Exchange No. 8992 for a term of 75 years renewable for 75 years commencing on 17 January 1966 at an annual Government rent of HK$4. Ap Lei Chau Inland Lot No. 93 is held under Conditions of Exchange No. 10502 for a term of 999 years commencing on 30 June 1862 at an annual Government rent of HK$4.		

Notes:

1. The registered owner of the property is Well Value Limited, a wholly-owned subsidiary of the Group via memorial nos. 20082100680145, 20082100680158, 20082100680169, 2008210680170, 20082100680231, 20082400580081, 20082400580098, 20082400580101, 20082400580116, 20082400580126, 20082400580138, 20082400580147, 20082400580200, 20082400580217, 20082500690186, 20082500690231, 20082500690245, 20082500690251, 20082500690277, 20082500690285, 20082600650057, 20082700590086, 20082700590130 and 20082700590167 all dated 31 July 2021.

2. The following encumbrances were registered against the property as at valuation date:

   - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21040802050018 dated 26 March 2021.

   - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21040802050023 dated 26 March 2021.

3. As provided in the Conditions of Exchange No. 8992, Ap Lei Chau Inland Lot No. 81 of the property shall not be used for industrial purposes and no factory building shall be erected thereon.

4. As provided in the Conditions of Exchange No. 10502, Ap Lei Chau Inland Lot No. 93 of the property or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purposes other than for non-industrial purposes.

5. The property falls within an area zoned "Residential (Group A)2" under the Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 with a building height restriction of 85 metres (or approximately 279 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet).

6. According to the information provided by the Company, a total construction costs of approximately HK$8,610,000 has been expended to the property as at the Valuation Date which has been taken into account in arriving at the market value of the property in existing state and the further costs to be expended for completing the property is approximately HK$183,000,000. Given the latest development scheme of the property as mentioned above, the gross development value (or the market value of the property as if it were fully completed) as at the Valuation Date is assessed at HK$770,000,000.

Set out below is the management discussion and analysis of the Group's business and performance for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021,2020 and 2019. The financial data in respect of the Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Group for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 six months ended 30 September 2020 to HK$211.6 million for the six months ended 30 September 2021 which was mainly due to 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 WOP and also the property sales in the PRC, following the CAP Acquisition.

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 stocks 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. 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 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 the 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 sale. The site area and gross floor area is 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. The 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. Application 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

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 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 (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 stores and optimise 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 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 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, WOP Group and three independent third parties formed a new joint venture group (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, 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-pandermic 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 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$5,794.1 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$1,311.1 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 approximately HK$450.8 million (31 March 2021: nil) and were utilized to the extant 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	**31 March 2021**
	HK$'000	*HK$'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 matured 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 were 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 had 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**		
	Notes	**Amount held** *HK$'000*	**Percentage to the Group's net assets** *%*	**Fair value gain/(loss)** *HK$'000*	**Interest income** *HK$'000*	**Dividend received** *HK$'000*	**As at 30 September 2021** *HK$'000*	**As at 31 March 2021** *HK$'000*	**Investment cost** *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.

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 February 2020, 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.

"Wai Yuen Tong", 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.

FOR THE YEAR ENDED 31 MARCH 2021

Financial Results

For the financial year ended 31 March 2021, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$1,893.6 million (2020: approximately HK$3,440.7 million) and approximately HK$123.9 million (2020: approximately HK$474.9 million (restated)), respectively.

Business Review

The Group's revenue for the year ended 31 March 2021 decreased by approximately 45% to approximately HK$1,893.6 million (2020: approximately HK$3,440.7 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 has increased significantly to HK$594.8 million (2020: approximately HK$28.1 million) mainly due to increase in property sales and profit contributed from jointly developed property projects during this financial year. Profit for the year was approximately HK$101.8 million (2020: approximately HK$784.3 million (restated)), representing a decrease of approximately 87.0% from last year, mainly due to the absence of the gain on bargain purchase arising from the acquisition of a controlling interest in CAP and the decrease in gain on disposal/redemption of debt investments at fair value through other comprehensive income.

The profit attributable to owners of the parent was approximately HK$123.9 million (2020: approximately HK$474.9 million (restated)). The Group continues to maintain a strong financial position.

As of 31 March 2021, the Group's net assets were approximately HK$9,969.0 million (2020: approximately HK$9,683.8 million (restated)). Its cash resources amounted to approximately HK$2,471.9 million (2020: approximately HK$1,974.0 million) including cash and bank balances of approximately HK$1,730.3 million (2020: approximately HK$1,584.0 million) and short-term investments of approximately HK$741.6 million (2020: approximately HK$390.0 million). In aggregate, the total borrowings as of 31 March 2021 was approximately HK$7,172.0 million (2020: approximately HK$6,205.0 million) giving the Group a net debt position (total borrowings less cash and bank balances) of approximately HK$5,441.7 million (2020: approximately HK$4,621.0 million). The review of the individual business segments of the Group is set out below.

Property Development

During the year ended 31 March 2021, property development segment recorded revenue and segment profit of approximately HK$534.4 million and approximately HK$494.7 million, respectively (2020: approximately HK$2,368.4 million and approximately HK$787.9 million, respectively).

The above segment revenue and profit represents the Hong Kong residential and commercial property market sales from WOP and also the property sales in the PRC, following the CAP Acquisition.

The revenue contributed by the WOP Group amounted to HK$301.3 million during this financial year. Reduction in revenue was mainly due to the decrease in property sales contributed from property development projects with controlling stake. Instead, profit from property sales for the WOP Group in this financial year was mainly generated from its jointly developed property projects, namely maya and Altissimo, which have been included as part of the segment results (profit) but not segment revenue.

During the year ended 31 March 2021, the Group's property development business in the PRC recorded revenue of approximately HK$233.1 million (2020: nil). The increase in revenue contributed from the CAP Group is mainly due to the fact that the CAP Acquisition took place during the last two months during the last financial year, while CAP's full year performance is consolidated into the Group's accounts in the current financial year.

maya

"maya" is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the WOP Group and CIFI. The WOP Group holds a 50% stake in the project. As at 28 June 2021, 294 out of 326 units have been sold with an aggregated contracted sales amounted to approximately HK$3.6 billion. Moverover, 269 units with aggregate contract sale of approximately HK$3.2 billion have been delivered to buyers.

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. As at 28 June 2021, 505 out of 547 units have been sold with an aggregated contracted sales amounted to approximately HK$5.3 billion. Moreover, 474 units with an aggregate contract sales of approximately HK$4.4 billion have been delivered to buyers. The WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

The Met. Azure (Tsing Yi residential project)

The WOP Group's new residential property in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. 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. It can be used for both commercial and residential development and is designed to provide a public transportation terminal (Public Light Bus Terminal). The project is wholly-owned by the WOP Group, of which pre-sale consent is pending approval as at year end of 2021.

Ap Lei Chau project

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 Lei Tung MTR Station. The total attributable gross floor area upon redevelopment is approximately 37,100 square feet and the project is wholly-owned by the WOP Group. Foundation work is currently undergoing at the site.

Fortress Hill project

In October 2020, the WOP Group and CIFI formed a new joint venture, in which CIFI and the WOP Group owned 60% and 40% equity interest, respectively. The joint venture has acquired 101 and 111 King's Road, Fortress Hill, Hong Kong for a total sum of HK$1.88 billion. The total site area is approximately 12,400 square feet and the sites are situated between North Point commercial area and Victoria Park in Causeway Bay. The sites are positioned at a convenient location within only a few minutes' walk to the Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. Demolition work is expected to commence in year end of 2021.

Tai Kok Tsui project

In January 2021, the WOP Group successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui through court-ordered compulsory sale. The gross floor area is approximately 61,500 square feet and the site is currently under demolition work.

Other projects

The WOP Group is currently in possession of three urban redevelopment projects with over 80% ownership secured. Applications to the court are being made in respect of all these projects for compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the WOP Group may not be able to complete the consolidation of the ownership for redevelopment. The total attributable gross floor area upon redevelopment is approximately 175,000 square feet.

As at 28 June 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	3,600	37,100	Residential and Commercial	2023
Tai Kok Tsui project	6,800	61,500	Residential and Commercial	2024
Fortress Hill project	12,400	129,400	Residential and Commercial	2025

Fresh Markets and Agricultural Produce Exchange Markets

The fresh market and agricultural produce exchange market business segment, which is a consistent source of profit and cash, recorded an increase in revenue by approximately 146.3% to approximately HK$654.5 million for the year ended 31 March 2021 (2020: approximately HK$265.7 million) as a result of annual revenue of approximately HK$387.6 million from the operation of agricultural produce exchange markets contributed by the CAP Group, following the CAP Acquisition which took place in February 2020, while CAP's full year performance is consolidated into the Group's accounts in the financial year ended 31 March 2021. Moreover, there were revenue streams brought by the butchery business of approximately HK$77.3 million. Segment result recorded a profit of HK$24.8 million for the year ended 31 March 2021.

The Group's fresh market and agricultural produce exchange market business has been built over the past two decades. During the financial year, the Group managed a substantial portfolio of approximately 800 stalls under the "Allmart" brand and "Day Day Fresh" brands of fresh markets in Hong Kong with a 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. During the financial year, the Group continued to locate high population density areas to set up fresh markets and mini fresh markets.

In February 2021, Wang On Majorluck Limited (i.e. 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 approximately 1,133 square metres to the Operator. The fresh market is now under renovation and is expected to commence operation in the third quarter of 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 year ended 31 March 2021, the butchery business generated revenue of approximately HK$77.3 million (2020: approximately HK$33.5 million). The increase in revenue is mainly attributed to the effect of consolidation of this segment’s full year performance in the Group’s accounts during the current financial year, since the commencement of the Group’s butchery business during the second half of the last financial year. 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 the butchery stores and optimise the operation platform of fresh market and butchery business so as to maximise synergies. As at 31 May 2021, 11 butchery stores were in operation.

In mainland China, the Group operates fresh market business through its joint venture under the “Huimin” brand in various districts 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 are 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.

Following the CAP Acquisition, 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 our presence in the fresh market 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 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, the PRC with a site area of approximately 310,000 square metres and a total gross floor area of approximately 190,000 square metres. In 2020, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets in the PRC by the China Agricultural Wholesale Market Association.

During the financial year ended 31 March 2021, the CAP Group received judgments for the legal disputes related to the Wuhan Baisazhou Market from the Supreme People's Court of the PRC on 29 March 2021 and from the Court of First Instance in the High Court of Hong Kong on 18 January 2021, respectively. Both judgments are considered positive to the CAP Group. For details, please refer to the joint announcements of, inter alia, the Company and CAP dated 18 January 2021 and 30 March 2021, respectively and also the section headed "6. Litigation" in Appendix VI of this circular.

Property Investment

As at 31 March 2021, the Group's owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK$1,057.6 million (2020: approximately HK$1,058.4 million).

During the financial year, the Group received gross rental income of approximately HK$48.7 million (2020: approximately HK$20.6 million).

On 30 March 2021, the WOP Group and an independent third party (i.e. the Parkville Partner) formed a new joint venture group (i.e. the Parkville JV), in which the WOP Group owned 50%. The Parkville JV entered into a preliminary agreement for sale and purchase on the same date with an independent third party in respect of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories for a consideration of HK$300,000,000. On 21 June 2021, the WOP Group and the Parkville Partner entered into a supplemental binding term sheet with two independent third parties (i.e. the New Investors). Subject to the completion of the acquisition and obtaining the bank consent, the shareholdings of the WOP Group, the Parkville Partner and the New Investors in the Parkville JV would become 64%, 30% and 6%, respectively. The acquisition was completed on 25 June 2021. Details of the transaction are set out in the joint announcements of the Company and WOP dated 30 March 2021 and 21 June 2021, respectively.

During the financial year, the Group continued to dispose of secondhand residential properties and realised approximately HK$5.2 million (2020: approximately HK$41.3 million). As at 31 March 2021, the Group held 9 secondhand residential properties with valuation of approximately HK$54.9 million.

Pharmaceutical and Health Food Products Business

WYT Group is a pharmaceutical group focusing on manufacturing and/or retailing of pharmaceutical and health food products. The year under review was a challenging year for the Group's pharmaceutical and health food products segment with revenue totaling approximately HK$474.7 million (2020: approximately HK$560.1 million), representing a drop of approximately 15.2%. The continuous COVID-19 pandemic and the related response measures from the government have inevitably hurt inbound tourism, which directly impacted the Group's retail sales, in particular for those districts which were previously very popular with mainland tourists.

Chinese Pharmaceutical and Health Food Products

Total sales of the Chinese pharmaceutical and health food products decreased by approximately 2.3% to approximately HK$449.0 million (2020: HK$459.8 million). The WYT Group continued to promote and develop a series of traditional Chinese medicine healthcare products for common diseases of urban people. Stroke prevention supplementation is a fast growth market in Hong Kong in which "Wai Yuen Tong" has three series of traditional chinese medicine products to cover the market: namely Angong Niuhuang Wan, Angong Zaizao Wan and Angong Jiangya Wan. The series is registered in Hong Kong according to ancient prescriptions or nationally recognized prescription and its whole production process is carried out at the Group's Good Manufacturing Practice ("**GMP**") or The Pharmaceutical Inspection Cooperation Scheme ("**PIC/S**") factory in Yuen Long, Hong Kong. In the existing pandemic situation, Angong Niuhuang Wan is considered as good health supplement and has become more popular in the market.

The WYT Group targeted better cost efficiency through further optimisation of its retail sales network and distribution channels. By the end of the financial year, the WYT Group had 72 retail outlets in Hong Kong, including professional Chinese medicine clinics and outlets operating under self-operating and franchise modes. The number of Chinese medical service affiliated with the WYT Group's retail outlets has increased from 43 as at 31 March 2020 to 62 as at 31 March 2021. The WYT Group also had 5 retail outlets in Macau as at 31 March 2021. The enhanced distribution network helps strengthen the Group's sales and brand recognition. A strong network has been laid down for a sustainable growth in the future.

The Group has been moving forward to secure trade customer portfolios that meet its key selection criteria of financial condition and sales abilities. "Wai Yuen Tong" brand is a reputable household name established over a century ago. The Group will continue to promote its brand value to maintain a leading market position in the Chinese pharmaceutical and health food product market.

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

The WYT Group recognised the importance of networks and sales channels to the business. Apart from setting up its own e-shop via website at www.wyteshop.com (位易購), the WYT Group participated in the sale channel of other Hong Kong e-business website and set up retail outlets in Hong Kong-China cross-border e-shops, so that Mainland customers could purchase its Hong Kong manufactured products directly through these e-shops. Furthermore, the WYT Group has set up flagship stores in major mainland China e-shops to expand its local sales in the PRC. The WYT Group is also in the process of exploring collaboration with casinos, commercial banks and insurance companies to broaden its customer base in the future.

Western Pharmaceutical and Health Food Products

Revenue of the western pharmaceutical and health food products decreased by approximately 74.4% to approximately HK$25.7 million (2020: approximately HK$100.3 million) since the consumption sentiment remained weak for the financial year ended 31 March 2021. 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 while Pearl's product series comprises MosquitOut spray, hand cream and itch-relief products. The two major product series under this business segment encountered different challenges during the financial year. Revenue of "Madame Pearl's" was affected due to the COVID-19 pandemic which has had a significant negative impact on the cough and cold market. The Pearl's product series faced severe price competition which was further heightened during the COVID-19 pandemic. Nevertheless, during the financial year, the WYT Group placed substantial resources in revamping its western pharmaceutical and health care product distribution channels in order to improve efficiency. The WYT Group targets to supply "Madame Pearl's" products to local clinics and aims to cover more than 400 local private clinics by the end of 2021. Moreover, the Group will launch more products for these local clinics. More resources were put into branding aiming to strengthen the brand loyalty for both "Madame Pearl's" and "Pearl's" product series. To comply with mainland China's relevant regulations, the WYT Group has engaged various local industry players to enhance the market penetration of its upper airway product series under the "Madame Pearl's" brand into mainland China.

In December 2020, the National Medical Products Administration approved the application by the WYT Group, for import into mainland China children cough syrup products manufactured in its Yuen Long factory. The Group expects an improved demand for the children cough syrup products in mainland China in the coming years.

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 and local clinics.

Treasury Management

The Group maintains a strong financial position. Liquid investments amounted to approximately HK$1,305.0 million at 31 March 2021, representing a decrease of approximately 18.3% from the balance of approximately HK$1,597.2 million as at 31 March 2020. The liquid investments represented approximately 60.1% of the debt securities,approximately 12.6% of equity securities and approximately 27.3% of fund investment.

Liquidity and Financial Resources

As at 31 March 2021, the equity attributable to owners of the parent increased by approximately 6.2% to approximately HK$6,438.1 million (2020: approximately HK$6,061.9 million (restated)). The Group's total equity, including the non-controlling interests, increased to approximately HK$9,969.0 million (2020: approximately HK$9,683.8 million (restated)) as at 31 March 2021.

As at 31 March 2021, the Group's total assets were approximately HK$20,445.9 million (2020: approximately HK$19,088.8 million). Total cash and bank balances held amounted to approximately HK$1,730.3 million (2020: approximately HK$1,584.0 million) as at 31 March 2021. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$1,305.0 million (2020: approximately HK$1,597.2 million) as at 31 March 2021, which is immediately available for use when needed.

As at 31 March 2021, the Group's total debt amounted to approximately HK$7,172.0 million (2020: approximately HK$6,205.0 million). The Group's net debt to equity was approximately 54.6% (2020: approximately 47.7% (restated)) as at 31 March 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 31 March 2021, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and loan receivable with carrying value of 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 and approximately HK$103.7 million, respectively (2020: approximately HK$449.6 million, approximately HK$2,285.7 million, approximately HK$3,448.4 million, approximately HK$1,035.5 million, approximately HK$743.3 million, approximately HK$32.2 million and nil, respectively), were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2021 amounted to approximately HK$829.0 million (2020: approximately HK$899.3 million) which was mainly attributed to its property development business. In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK$145.0 million (2020: approximately HK$251.4 million). The Group has not given any guarantee to banks in connection with facilities granted to its joint ventures as at 31 March 2021 (2020: three joint ventures up to approximately HK$1,617.6 million and were utilised to the extent of approximately HK$1,090.5 million).

As at 31 March 2021, the Group provided guarantees of approximately HK$56.8 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2020: approximately HK$63.5 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 defaulting purchasers to the banks, net of any sales proceeds.

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

Debt Profile and Financial Planning

As at 31 March 2021, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2021	31 March 2020
	HK$'000	*HK$'000*
Bank loans repayable		
Within one year or on demand	**3,209,249**	2,656,906
In the second year	**1,061,028**	1,153,078
In the third to fifth year, inclusive	**2,090,872**	1,473,532
Beyond five years	**217,271**	291,523
	6,578,420	5,575,039
Other loans repayable		
Within one year or on demand	**60,090**	—
In the second year	**202,270**	—
In the third to fifth year, inclusive	**—**	198,970
	262,360	198,970
Unsecured Notes *(i)*		
In the third to fifth year, inclusive	**199,348**	181,220
Convertible Notes *(ii)*		
Within one year or on demand	**131,901**	—
In the second year	**—**	249,814
	7,172,029	6,205,043

(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 31 March 2021 and 31 March 2020, 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 financial year, 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 31 March 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.

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 31 March 2021, the Group held financial assets at FVOCI and FVPL of approximately HK$843.2 million and approximately HK$461.8 million, respectively:

			As at 31 March 2021		For the year ended 31 March 2021			Fair value/carrying amount		
			Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2021	As at 31 March 2020	Investment cost
		Notes	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FVOCI:										
A.	Equity investment		74,001	1%	102,003	–	1,374	74,001	259,061	133,709
B.	Bonds									
	Zhongliang Holdings Group Company Limited	*1*	155,893	2%	(1,071)	20,622	–	155,893	211,076	155,080
	China South City Holdings Limited	*2*	162,289	2%	4,500	18,745	–	162,289	141,728	166,991
	Yuzhou Group Holdings Co. Ltd.	*3*	92,510	1%	7,203	3,240	–	92,510	38,044	93,74
	Others		358,497	4%	43,945	54,605	–	358,497	632,747	394,142
Subtotal		843,190	8%	156,580	97,212	1,374	843,190	1,282,656	943,671	
FVPL:										
A.	Equity investments		90,684	1%	(26,371)	–	111	90,684	32,783	84,078
B.	Funds									
	Rockpool Capital SPC ("**RCS**")	*4*	132,501	1%	15,686	–	–	132,501	175,150	135,842
	Others		219,216	2%	1,920	–	2,546	219,216	68,249	217,257
C.	Bonds		15,564	0%	(552)	2,071	–	15,564	32,180	15,500
D.	Others		3,864	0%	(2,886)	–	–	3,864	6,220	5,392
Subtotal		461,829	5%	(12,203)	2,071	2,657	461,829	314,582	458,069	
Total			1,305,019	13%	144,377	99,283	4,031	1,305,019	1,597,238	1,401,740

The principal activities of the securities are as follows:

1. Zhongliang is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772). Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

2. 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.

3. Yuzhou is a company incorporated in the Cayman Islands with limited liability and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1628). Yuzhou and its subsidiaries are principally engaged in property development. Yuzhou operates its businesses through five segments. The property development segment is engaged in the development and sale of properties. The property investment segment is engaged in the investment in properties for their rental income potential and/or for capital appreciation. The property management segment is engaged in the provision of property management services. The hotel operation segment is engaged in the operation of hotels. The other segments are engaged in other businesses.

4. 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 in the segregated portfolio of RCS.

5. Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange and other major stock exchanges. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 31 March 2021.

6. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.0% of the net assets of the Group as at 31 March 2021.

Acquisition of additional shares in WYT

During the year ended 31 March 2021, the Group acquired additional 95 million WYT shares at a total consideration of HK$39.8 million. As at 31 March 2021, the Group held 810,322,940 WYT shares, representing approximately 65.79% of the WYT shares in issue.

The CAP Acquisition

On 12 February 2020, the WYT Group acquired and became the owner of 5,312,395,685 CAP Shares, representing approximately 53.37% of the CAP Shares in issue and the WYT Group, together with parties acting in concert with it, held 7,464,800,866 CAP Shares, representing approximately 75% of the CAP Shares in issue. The CAP Group operates 11 agricultural produce exchange markets across five provinces in the PRC.

The Group completed the CAP Acquisition on 12 February 2020 (the "**Acquisition Date**"). In the preparation of the Company's consolidated financial statements for the year ended 31 March 2020, the purchase price allocation of the acquisition and the resulting gain on bargain purchase were determined on a provisional basis. During the year ended 31 March 2021, the Group finalised the fair value assessment of the identifiable assets and liabilities of the CAP Group (the "**Finalised Assessment**") as of the Acquisition Date.

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

On 18 January 2021, the Court of First Instance in the High Court of Hong Kong handed down a judgement in respect of the Baisazhou Acquisition, pursuant to which CAP is not required to make any payment under the instruments 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 assessments, retrospective adjustments were made to the provisional amounts related to identifiable liabilities of the CAP Group recognised as of the Acquisition Date. Consequently, the Group's consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year ended 31 March 2020, and certain explanatory notes have been restated to reflect these restatements.

Easy One Financial Group Limited privatisation

On 4 May 2020, Caister Limited ("**Caister**"), a company wholly-owned by the Company's chairman and controlling shareholder, Mr. Tang Ching Ho, requested the board of Easy One Financial Group Limited ("**Easy One**") (an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which were formerly listed and traded on the Main Board of the Stock Exchange (the then Stock Code: 221)) to put forward a proposal to other shareholders of Easy One for the privatisation of Easy One (the "**Proposal**") by way of a scheme of arrangement (the "**Scheme**") under Section 99 of the Bermuda Companies Act 1981.

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

On 26 August 2020, at the respective special general meetings of the Company and WYT, the independent shareholders of the Company and WYT have respectively approved the Proposal and the disposal of the Scheme Shares held by WYT Group in exchange for the Consideration. On 8 September 2020, the resolution proposed at the meeting of the shareholders of the Scheme Shares (the "**Scheme Shareholders**") to approve the Scheme was duly passed by the Scheme Shareholders. On 17 September 2020, the Scheme was sanctioned by the Supreme Court of Bermuda without modification. The Scheme eventually became effective on 16 October 2020 when all the conditions to the implementation of the Proposal were fulfilled.

Details of the Easy One privatisation are set out in the joint announcement published by the Company, WYT, Easy One and Caister dated 4 May 2020; the scheme document dated 12 August 2020 jointly issued by Easy One and Caister in relation to the Proposal and the Scheme; the circulars of each of the Company and WYT dated 24 July 2020, respectively, and the Company and WYT's respective poll results announcement dated 26 August 2020, respectively in respect of the disposal of the entire shareholdings in Easy One of the Company and WYT; the joint announcements of Easy One and Caister dated 8 September 2020, 18 September 2020, 12 October 2020 and 16 October 2020, respectively.

Disposal of equity interest in a non-wholly owned subsidiary

Subsequent to the year ended 31 March 2021, on 18 June 2021, Century Choice, a wholly-owned subsidiary of CAP and a substantial shareholder (i.e. PRC Shareholder) of 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 dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 in the amount of approximately RMB117 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. 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.

Subscription of interest in a fund

Subsequent to the year ended 31 March 2021, on 23 April 2021, Mailful Investments Limited (the "**Subscriber**"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with ZWC Fund II General Partners Limited (the "**General Partner**") and ZWC Fund II L.P., a Cayman Islands exempted company (the "**Fund**"), pursuant to which the Subscriber agreed to subscribe for a limited partnership interest in the Fund at a total capital contribution of US$10 million (the "**Capital Contribution**"). The Capital Contribution will be paid in installments upon receipt of written notice from the General Partner from time to time to provide funds for payment for the Fund's investments, expenses, liabilities and reserves. Details of the transaction are disclosed in the announcement of the Company dated 23 April 2021.

Save as disclosed above, as at 31 March 2021, the Group had no future plans for material investments or capital assets.

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 31 March 2021, the Group had 2,102 (2020:2,037) employees, of whom approximately 41% (2020: approximately 38%) were located in Hong Kong and the rest were located in mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principal Risks and Uncertainties

The Group has reviewed the principal risks and uncertainties which may affect its businesses, financial condition, operations and prospects based on its risk management system and considered that the major risks and uncertainties that may affect the Group included (i) Hong Kong economic conditions which may directly affect the property market; (ii) availability of suitable land bank for future development; (iii) the continuous escalation of construction cost in Hong Kong in recent years; (iv) business cycle for property under development may be influenced by a number of factors and the Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to the Group's quality and safety standards or within the timeline required by the Group; (vi) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (vii) credit risk and recoverability of provision of loans which may incur bad debts during 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

The Group believes 2021 will be a year with challenges and opportunities. The Hong Kong economy is still on its way to recovery, the real GDP is resuming appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. Moreover, the reduction in unemployment rate from January to March 2021 to 6.8% showed signs of recovery for the economy of Hong Kong. The Hong Kong Government has launched the free vaccination programme which is expected to help mitigate the COVID-19 pandemic situation and is expected to be conducive to the recovery of the local economy. Nevertheless, the economic recovery was uneven and overall economic activity remained below the pre-recession level, as the pandemic, social distancing requirements and travel restrictions continued to weigh on certain economic segments. The Group believes that the performance of various segments of the Group will gradually be restored at different paces.

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, which is expected to remain resilient over the long term. With the upmost opening of the pre-sales of The Met. Azure, the growth momentum and branding of the Group shall be escalated.

The Group 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 fresh market operations have been a cash flow generating and profitable business over the past decades. The fresh market segment continues to grow steadily in Hong Kong and is expected to provide stable recurring income and cash flow to the Group. The Group considers delivery services for fresh market products will be another opportunity to expand the Group's business and will devote more resources in developing this area. Moreover, the Group expects to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in both public and private sectors in Hong Kong to strengthen its recurring income.

Moreover, following the acquisition of CAP through the WYT Group in the last financial year, the Group, through CAP, now operates 11 agricultural produce exchange markets across five provinces in the PRC. Such acquisition has significantly expanded the Group's presence in the fresh market segment 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 on the market and dynamic business model, the Group is confident that it will deliver long-term benefits to the Group.

Since the outbreak of COVID-19, all of the Group's agricultural produce exchange markets have upgraded its facilities and fixtures to keep up with the raising strict health and hygiene measures of the local governments.

"Wai Yuen Tong", a reputable pharmaceutical household brand, was established over a century ago. Subsequent to 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 be increased. Moreover, decrease in mainland tourist visits and rigid industry policies may continue to curtail and negatively impact retail performance. Nevertheless, as the epidemic situation was largely under control with the successful development and launch of the free vaccination programme, the recovery of the mainland China economy also rendered support to the Group performance, the overall economic situation showed signs of stabilization gradually. The Group will continue to closely monitor the performance of its distribution channels and retail network.

In order to maintain the WYT Group's competitive advantage, it will strategically restructure, integrate retail outlets and build a team of experienced and well-trained Chinese medicine practitioners to serve its customers. The Group's ambition is to build one of the largest teams of Chinese medicine practitioners in Hong Kong through WYT. The Group intends to leverage its brand value to strengthen its partnerships and boost its franchising model to maximise its retail exposure and lower overall operational risk and costs.

With the Hong Kong and Chinese government's active push for traditional Chinese medicine, including preferential policies and cross-border cooperation between Hong Kong and the Guangdong-Hong Kong-Macau-Greater Bay Area, the market for Chinese pharmaceutical medication and supplements manufactured in Hong Kong is set to expand rapidly in the next decade. Further, the Group's western pharmaceutical business is expected to achieve favourable growth driven by the sale of cough syrup to private clinics in Hong Kong and the PRC, in particular, the Group believes that the demand for our branded "Made in Hong Kong" children cough syrup products will increase following approval from the National Medical Products Administration for import of such product into mainland China from the Group's factory in Yuen Long.

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.

FOR THE YEAR ENDED 31 MARCH 2020

Financial Results

For the financial year ended 31 March 2020, the Group's revenue and profit attributable to owners of the parent amounted to HK$3,440.7 million (2019: HK$4,009.1 million) and HK$474.9 million (restated) (2019: HK$419.8 million), respectively.

Business Review

The Group's revenue for the year ended 31 March 2020 decreased by 14.2% to HK$3,440.7 million (2019: HK$4,009.1 million). The reduction in revenue is mainly due to a decrease in sales revenue from property segment as a result of lesser sales recognition from completion of properties sales. Profit for the year was HK$784.3 million (restated) (2019: HK$893.4 million), representing a decrease of 12.2% from last year, mainly due to gain on bargain purchase on the CAP Acquisition which was offset by the fair value losses on investment properties for the year ended 31 March 2020 as opposed to recording fair value gains on investment properties last year, fair value loss of financial instruments at fair value through profit or loss and increase in finance cost. The profit attributable to owners of the parent was HK$474.9 million (restated) (2019: HK$419.8 million). The Group continues to maintain a strong financial position.

As of 31 March 2020, the Group's net assets were HK$9,683.8 million (restated) (2019: HK$8,005.5 million). Its cash resources amounted to HK$1,974.0 million (2019: HK$3,299.7 million) including cash and bank balances of HK$1,584.0 million (2019: HK$2,318.2 million) and short-term investments of HK$390.0 million (2019: HK$981.5 million). In aggregate, the total borrowings as of 31 March 2020 was HK$6,205.0 million (2019: HK$5,521.8 million) giving the Group a net debt position (total borrowings less cash and bank balances) of HK$4,621.0 million (2019: HK$3,203.6 million). The review of the individual business segments of the Group is set out below.

Property Development

WOP is a premium property development company with focus on Hong Kong residential and commercial property market. Property development segment recorded revenue and segment profit of HK$2,368.4 million and HK$787.9 million, respectively (2019: HK$2,827.0 million and HK$1,051.6 million, respectively). The main contributor to the segment revenue was mainly due to completion and delivery of The Met. Acappella. As at 30 June 2020, all units of this project were sold.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the WOP Group and CIFI. The WOP Group holds a 50% stake in the project. As at 30 June 2020, 253 out of 309 units released were sold and the contracted sales amounted to HK$2.9 billion. The project is undergoing the construction of the superstructure and is expected to be delivered in 2020.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601 Whitehead, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited and was launched in December 2018. The project features its prime location in front of Starfish Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. As at 30 June 2020, 429 out of 534 units released were sold and the contracted sales amounted to HK$3.7 billion. The occupation permit of this project was granted and is expected to be delivered in 2020. The WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

Tsing Yi residential project

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

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

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

Fresh Markets

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

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

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

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

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

In October 2019, the Group entered into the butchery business by capturing synergies with our existing fresh market operations. The Group aims to seize opportunities in every manner possible, focusing on building a chain of butchery shops with a strong cash flow and steady operating profit. For the year ended 31 March 2020, the butchery business generated revenue of approximately HK$33.5 million. The Group believes Hong Kong people's pork dietary habit, combined with the Group's well established fresh market network, can allow for rapid growth and a relatively low-risk development of this new business. The Group's target is to continue to expand the butchery stores and drive to optimise the operation platform of fresh market and butchery business so as to maximise synergies. As at 30 June 2020, 12 butchery stores were in operation.

In mainland China, the Group operates fresh market business through its joint venture under the "Huimin" brand in various districts of Shenzhen, Guangdong Province. The joint venture currently manages a portfolio of approximately 1,000 stalls with a gross floor area of over 283,000 square feet, in which approximately 152,000 square feet are 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. The Group will continue to closely monitor the latest development, particularly the impact on the land-use rights of its fresh market properties.

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

Property Investment

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

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

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

Pharmaceutical and Health Food Products Business

WYT is a pharmaceutical company with focus on manufacturing and/or retailing of pharmaceutical and health food products. The year under review was a challenging year for the Group's pharmaceutical and health food products segment with revenue totalling HK$560.1 million (2019: HK$733.8 million), representing a drop of 23.7%. The continuous social unrest and COVID-19 pandemic have unavoidably hurt inbound tourism, which directly impacted the Group's retail sales, in particular for those districts which were originally very popular with mainland tourists.

Chinese Pharmaceutical and Health Food Products

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

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

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

Western Pharmaceutical and Health Food Products

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

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

Treasury Management

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

Liquidity and Financial Resources

As at 31 March 2020, the equity attributable to owners of the parent increased by 2.9% to HK$6,061.9 million (restated) (2019: HK$5,891.0 million). The Group's total equity, including the non-controlling interests, increased to HK$9,683.8 million (restated) (2019: HK$8,005.5 million) as at 31 March 2020.

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

As at 31 March 2020, the Group's total debt amounted to HK$6,205.0 million (2019: HK$5,521.8 million). The Group's net debt to equity was approximately 47.7% (2019: 40.0%) as at 31 March 2020. 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 31 March 2020, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying value of HK$449.6 million, HK$2,285.7 million, HK$3,448.4 million, HK$1,035.5 million, HK$743.3 million and HK$32.2 million, respectively (2019: HK$471.1 million, HK$1,398.6 million, HK$3,216.4 million, HK$668.2 million, HK$575.5 million and HK$77.5 million, respectively), were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2020 amounted to HK$899.3 million (2019: HK$956.9 million) which was mainly for its property development business. The Group has given guarantee to a bank in connection with a facility granted to the joint venture up to HK$1,617.6 million, which were utilised to the extent of HK$1,090.5 million as at the end of the reporting period.

The Group provided guarantees of approximately of HK$63.5 million to customers in favour of a bank for the loans provided by the banks to the customers of the properties sold (2019: Nil). 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 defaulting purchasers to the bank, 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 monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management of the Group is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future. The Group operates a central cash management system. The Group prudently invests in liquid investment in order to obtain a reasonable return while maintain liquidity.

Debt Profile and Financial Planning

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

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

(i) 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 31 March 2020, the Unsecured Notes in the principal amount of HK$290,000,000 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 to convert into the CAP Shares at a conversion price of HK$0.4 per share. During the year, no Convertible Notes were converted into CAP shares by the Convertible Notes' holders. As at 31 March 2020, the Convertible Notes with the outstanding principal amount of HK$264.8 million was in issue and maximum number of CAP shares to be converted was 662,000,000 CAP shares.

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

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

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

As at 31 March 2020, the Group held FVOCI and FVPL of approximately HK$1,282.7 million and HK$314.6 million, respectively:

		As at 31 March 2020		For the year ended 31 March 2020			Fair value/carrying amount		
Nature of investments		Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2020	As at 31 March 2019	Investment cost
	Notes	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:									
A. Equity investment		259,061	3%	(87,057)	—	814	259,061	107,321	360,287
B. Debts investment									
CAP — 10% 5-year bonds	*1*	—	—	—	53,201	—	—	785,002	—
Zhongliang Holdings Group Company Limited	*2*	211,076	2%	3,145	12,667	—	211,076	—	207,647
China South City Holdings Limited	*3*	141,728	2%	(8,468)	5,739	—	141,728	—	149,908
China Evergrande Group	*4*	107,638	1%	(4,904)	5,741	—	107,638	66,707	112,498
Others		563,153	6%	(86,770)	62,759	—	563,153	614,631	657,036
Sub-total		1,282,656	14%	(184,054)	140,107	814	1,282,656	1,573,661	1,487,376
Financial assets at fair value through profit or loss:									
A. Equity investments		32,783	—	(14,519)	—	200	32,783	47,225	42,462
B. Funds									
Rockpool Capital SPC ("**RCS**")	5	175,150	2%	(30,908)	—	—	175,150	—	206,058
Others		68,249	1%	(233)	—	—	68,249	50,595	68,210
C. Bonds		32,180	—	(1,124)	2,025	—	32,180	48,192	34,069
D. Others		6,220	—	(3,042)	—	—	6,220	6,184	—
Sub-total		314,582	3%	(49,826)	2,025	200	314,582	152,196	350,799
Total		1,597,238	17%	(233,880)	142,132	1,014	1,597,238	1,725,857	1,838,175

The principal activities of the securities are as follows:

1. CAP is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

2. Zhongliang is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2772). Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.

3. China South City 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.

4. China Evergrande Group, formerly Evergrande Real Estate Group Limited, is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 3333). China Evergrande Group and its subsidiaries are principally engaged in property development, property investment, property management and property construction, the provision of hotel and other property development related services, insurance and fast consuming products business, mineral water production and food production.

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

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

7. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.0% of the net assets of the Group as at 31 March 2020.

The CAP Acquisition

Apart from the above, on 26 September 2019 (as supplemented by the announcement of the Company dated 28 November 2019), Goal Success Investments Limited (the "**Offeror**"), an indirect wholly-owned subsidiary of the WYT Group announced a proposal to make (a) a pre-conditional voluntary partial cash offer to the CAP shareholders to acquire such number of CAP shares which would result in the WYT Group and parties acting in concert with it holding a maximum of 75% of the CAP shares in issue at the partial share offer price of HK$0.091 per CAP share (the "**Partial Share Offer**"); and (b) extend an appropriate offer to acquire a maximum of 46.86% of the outstanding principal amount of the 7.5% convertible note(s) due 2021 issued by CAP on 19 October 2016 (the "**CN**") (subject to adjustment in the event of a change in the issued share capital of CAP) at the partial CN offer price of HK$0.2275 for each outstanding HK$1 face value of the CN (the "**Partial CN Offer**", together with the Partial Share Offer, collectively the "**Partial Offers**"). The maximum total cash consideration payable by the WYT Group under the Partial Offers amounted to approximately HK$529.6 million.

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

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

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

Easy One privatisation

On 4 May 2020, Caister requested the board of Easy One to put forward the Proposal to the other shareholders of Easy One for the privatisation of Easy One by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act 1981.

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

Details of the transaction are set out in the joint announcement published by the Company, WYT, Easy One and Caister dated 4 May 2020.

Save as disclosed above, as at 31 March 2020, the Group had no future plans for material investments or capital assets.

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. As at 31 March 2020, the Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Group's operating expenses.

Employees and Remuneration Policies

As at 31 March 2020, the Group had 2,037 (2019: 920) employees, of whom approximately 38% (2019: 84%) were located in Hong Kong and the rest were located in mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principle Risks and Uncertainties

The Group has reviewed the principal risks and uncertainties which may affect its businesses, financial condition, operations and prospects based on its risk management system and considered that the major risks and uncertainties that may affect the Group included (i) Hong Kong economic conditions which may directly affect the property market; (ii) availability of suitable land bank for future development; (iii) the continuous escalation of construction cost in Hong Kong in recent years; (iv) business cycle for property under development may be influenced by a number of factors and the Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to 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 during the year, further risks and uncertainties have been identified including (xi) fluctuation in the exchange rate of Renminbi against Hong Kong dollars, and (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets.

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

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

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

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

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

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

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

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

FOR THE YEAR ENDED 31 MARCH 2019

Financial Results

For the financial year ended 31 March 2019, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$4,009.1 million (2018: HK$2,621.0 million) and HK$419.8 million (2018: HK$1,223.4 million), respectively.

Business Review

The Group's revenue for the year ended 31 March 2019 increased by 53.0% to HK$4,009.1 million (2018: HK$2,621.0 million). This growth mainly reflected an increase in sales revenue from property segment driven by sales recognition from the completion of The Met. Blossom. Profit for the year was HK$893.4 million (2018: HK$1,766.0 million), representing a decrease of 49.4% over last year, due to the impact of one-time gain of HK$1,714.4 million from disposal of 50% equity interest in Yau Tong residential project, "NOUVELLE" in June 2017 and disposal of 60% equity interest in Whitehead residential project, "Altissimo" in September 2017. The profit attributable to owners of the parent was HK$419.8 million (2018: HK$1,223.4 million).

The Group continues to maintain a strong financial positioning. As of 31 March 2019, the Group's net assets were HK$8,005.5 million (2018: HK$7,999.4 million). Its cash resources amounted to HK$3,299.7 million (2018: HK$2,990.5 million) including cash and cash equivalents of HK$2,318.2 million (2018: HK$2,664.4 million) and short term investments of HK$981.5 million (2018: HK$326.1 million). In aggregate, the total borrowings as of 31 March 2019 was HK$5,521.8 million (2018: HK$4,675.1 million) giving the Group a net debt position (bank and other loans less cash and cash equivalents) of HK$3,203.6 million (2018: HK$2,010.7 million). The review of the individual business segments of the Group is set out below.

Fresh Markets

The fresh market business segment, which is a consistent source of profit and cash, grew operating profit by 13.2% to HK$27.5 million (2018: HK$24.3 million). Revenue from this segment decreased as expected by 14.9% to HK$188.4 million (2018: HK$221.3 million) as a result of the lease expiry of certain fresh markets during this financial year, namely Kai Tin Estate in Lam Tin, Hang On Estate in Ma On Shan and Po Lam Estate in Tseung Kwan O. However, the decrease was partially offset by a new fresh market located at Ying Tung Estate in Tung Chung which commenced operation in September 2018. Another new fresh market located at Mun Tung Estate in Tung Chung is also in the pipeline for launch in the second half of 2019.

The Group's fresh market business, which has been built over the past two decades, is a high profit margin and cash flow generating business. During the reporting period, the Group managed a substantial portfolio of 700 stalls under the "Allmart" brand of fresh markets in Hong Kong with a total gross floor area of over 162,000 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 its partnership with its tenants and local communities by launching innovative marketing campaigns and promotion events, and thereby reinforcing shopper relationships.

Along with the existing fresh market business on a stable footing, the Group plans to take steps forward in building a portfolio of self-owned fresh markets in Hong Kong through joint ventures. This property portfolio shall form a core strategic platform to speed up the growth of the Group's fresh market business. On 24 January 2019, the WOP Group successfully won a bid to acquire a retail podium and car parking spaces at Lake Silver, No. 599 Sai Sha Road, Ma On Shan, Sha Tin, for a consideration of HK$653 million. A joint venture was subsequently formed by divesting 50% of the Group's equity interest in this investment on 29 April 2019. This new property will facilitate the Group's plan to build a modern fresh market for urban living. On 30 April 2019, WOP entered into a provisional agreement for the acquisition of the commercial accommodation and car parking spaces at The Parkside, No. 18 Tong Chun Street, Tseung Kwan O for a consideration of HK$780 million. A joint venture was also subsequently formed by divesting 50% of the Group's equity interest in this investment on 21 June 2019. The Group is confident that the combination of its expertise in property investment and fresh market operation shall deliver strong synergy to create unique business value to fuel further growth of this segment.

In mainland China, the Group operates the fresh market business through its joint venture under the "Huimin" brand in various districts of Shenzhen, Guangdong Province. The joint venture currently manages a portfolio of approximately 1,000 stalls with a gross floor area of over 283,000 square feet, in which approximately 152,000 square feet are 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. The Group will continue to closely monitor the latest development, particularly the impact on the landuse rights of its fresh market properties.

Property Development

WOP is a premium property development company with focus on Hong Kong residential and commercial property market.

Property development segment recorded revenue and segment profit of HK$2,827.0 million and HK$1,051.6 million, respectively (2018: HK$1,333.5 million and HK$339.4 million, respectively). The main contributor to the segment revenue was made by the recognised sales of The Met. Blossom.

The Met. Acappella

The Met. Acappella, situated at Tai Wai, Shatin, is a twin tower development with two wings of 12-and-13 storey residential blocks offering a total of 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with storeroom or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of the neighbouring areas, enabling residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows its residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs for quality lifestyle. Pre-sales of the project, which launched in November 2017, had received positive response and marked strong performance. Up to 28 June 2019, 93.5% of the total of 336 units had been sold with an amount of HK$2.3 billion. The project is expected to be completed in the first quarter of 2019.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project, co-developed by WOP and CIFI, will have a total gross floor area of 272,000 square feet. WOP holds a 50% stake in the project. It comprises two residential towers on a podium with a shopping arcade. It will offer a total of 326 units of different layout designs, including standard two-to-three bedroom units and special units. Presenting a modern and clean outlook, exceptional green landscape and a large clubhouse, the project offers residents a luxurious and cozy living environment. Pre-sale was launched in mid of March 2019 with a strong market response. As at 28 June 2019, 50% of the total of 326 units had been pre-sold with a total pre-sale amount of HK$1.6 billion. The project is scheduled to be completed in 2020.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601, is co-developed by WOP, Country Garden Holdings Company Limited and China State Construction International Holdings Limited. The project features its prime location in front of Starfish Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. The project has a gross floor area of 388,000 square feet and will provide 547 units. WOP holds a 40% stake in this project. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. As at 28 June 2019, 62% of the total of 547 units had been pre-sold with an amount of HK$2.9 billion. The project is scheduled to be completed in 2020.

Pokfulam residential project

In April 2018, the WOP Group completed the acquisition of all of the 16 properties located at 86A-86D Pokfulam Road, Hong Kong. This project is capable of being re-developed into a low density premium residential property. On 19 April 2018, the WOP Group disposed of 30% equity interest in a subsidiary holding these properties at a consideration of HK$103.8 million.

Tsing Yi residential project

On 12 April 2019, the WOP Group acquired a site located at the junction of Liu To Road and Hang Mei Street, Tsing Yi at a total consideration of HK$867.3 million through public tender. The site, occupying an area of approximately 14,400 square feet, will be developed into a premium residential project under the exquisite series "The Met.", with a residential and commercial gross floor area of approximately 90,000 square feet. The Group is highly confident in the potential of this exclusive project, which is situated in a prestigious locale with stunning sea view.

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

Location	Approximate site area *(square feet)*	Approximate gross floor area *(square feet)*	Intended usage	Anticipated year of completion
The Met. Acappella	71,000	148,000	Residential	2019
maya by NOUVELLE	41,000	272,000	Residential and Commercial	2020
Altissimo	253,000	388,000	Residential	2020
Pokfulam residential project	28,500	28,500	Residential	2021
Tsing Yi residential project	14,400	90,000	Residential and Commercial	2022

Property Investment

As at 31 March 2019, the Group's investment properties comprised of commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK$1,515.0 million (31 March 2018: approximately HK$1,951.8 million).

During the reporting period, the Group received gross rental income of approximately HK$24.3 million (2018: approximately HK$25.8 million), representing a decrease of approximately HK$1.5 million. The decrease in gross rental income was primarily due to the disposal of some rental properties.

During the reporting period, the Group continued to dispose secondhand residential properties and realised HK$28.4 million (2018: HK$82.3 million). As at 31 March 2019, the Group still held 17 secondhand residential properties with valuation of HK$94.4 million. As at 28 June 2019, seven out of the aforesaid 17 units have been sold. In April 2019, the WOP Group has signed an agreement to sell a shop premise located in at No. 726 Nathan Road, Kowloon for a consideration of HK$135.0 million payable on completion scheduled in July 2019.

Pharmaceutical and Health Food Product Business

WYT is a pharmaceutical company with focus on manufacturing and/or retailing of pharmaceutical and health food products.

2019 was a challenging year for the Group's pharmaceutical and health food products segment with revenue totaling HK$733.8 million (2018: HK$826.8 million), representing a drop of 11.2%. For the year under review, it recorded a turn around to the overall performance of this business due to, among others, a gain on bargain purchase of additional equity interests in an associate, improvement in results of such associate, the revaluation gain of the Group's properties and the reversal of impairment losses on financial asset due to adoption of HKFRS 9, net of the increase in segment losses.

Chinese Pharmaceutical and Health Food Products

The Group's Chinese pharmaceutical segment, in Hong Kong, holds a portfolio of around 120 health supplements and products with approximately 38% of the Group's sales coming from 5 core products. Hou Tsao Powder and Monkey Bezoar Powder are generic anti-cough and secretory Chinese pharmaceutical products with combined sales accelerated to HK$55.3 million by 8.6% primarily contributed by of both volume and price growth. Stroke prevention supplementation is a fast growth market in Hong Kong in which "Wai Yuen Tong" has 3 series of products to cover the market: namely Angong Niuhuang Wan, Angong Zaizao Wan and Angong Jiangya Wan. Total sales of these series of products have grown more than ninety-fold to HK$29.7 million driven by commercial success on product strategies and promotion activities. Sales of Young Yum Pill, the Group's iconic health supplementation product, also grew 31.5% to HK$41.3 million.

Retail sales in Hong Kong and Macau fell by 4.5% to HK$423.2 million primarily as a result of fierce competition in herbal medicine sales. Nevertheless, the Group's products remain popular with leading market shares driven by effective commercial strategy and heavy up marketing campaigns on brand promotion. Sales from channel operation recorded a decline of 24.7% to HK$201.6 million (2018: HK$267.9 million) due to tightening of credit terms to trade customers. While revenue growth is one of the Group's key financial targets, tying up excessive cash in working capital (due to credits given to trade customers) is not an ideal way to achieve the target. The Group has been moving forward to secure trade customer portfolios that meet its key selection criteria of financial condition and sales abilities.

"Wai Yuen Tong" brand is a reputable household name established over a century ago. The Group will continue to promote its brand value to maintain a leading market position in Chinese pharmaceutical and health food product markets.

In April 2017, the Chinese pharmaceutical business transferred the majority of production to the new GMP certified factory located in Yuen Long. Since then, the management has been facing challenges in ramping up the manufacturing and warehouse facilities to full operational status. These involved additional spending to meet evolving production and quality assurance requirements. In view of pressure due to rising costs, the management has stepped up its efforts in managing production cost and optimising product formula with an aim to improve profit margins. In the long run, the new facility is expected to improve productivity, and position the business well for sustainable growth.

Western Pharmaceutical and Health Food Products

The Group's western pharmaceutical business has been navigating a complex transition in business strategy. As a result, sales fell 14.7% to HK$116.0 million with gross profit dropping 20.4% to HK$39.8 million. "Pearl's" and "Madame Pearl's" brand, a series of mosquito repellents products and over-the-counter medicines, remain popular and their distribution stores channels are well established. The business in mainland China, however, is suffering from a decline and has experienced challenges in developing new distribution channels. It is necessary that the Group takes a transformation to adapt to the challenging market environment. The Group is exploring the possibility to shift from gross sales business model to a fee-for-licensing business model in mainland China. Under this business model, the sales revenue from western pharmaceutical business will be reduced but there is no adverse impact on profit given the license fees to be received. Another option is to set up or acquire a GSP-certified vehicle to sell the Group's products directly to distributors that on-sell them to retail outlets. The Group will continue to put back capital for business with low profit margin and no strategic value.

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

Treasury Management

The Group maintains a robust financial position. Liquid investment amounted to HK$1,725.9 million at 31 March 2019, an increase of 5.5% from the balance of HK$1,635.9 million at 31 March 2018, mainly reflecting the cash arising from funds from operations and disposal of certain properties and subsidiaries. The liquid investments represented 87.9% of the debt securities, 8.8% of equity securities and 3.3% of fund investment.

This business segment contributed HK$241.5 million (2018: HK$213.5 million) to the revenue. Among other things, interest income from CAP is HK$99.8 million. In October 2014, the Group agreed to subscribe the CAP Bonds. As at 31 March 2019, the fair value and principal amount of the CAP Bonds held by the Group amounted to approximately HK$785.0 million and HK$800 million (2018: approximately HK$1,038.0 million and HK$1,050.0 million), respectively.

Liquidity and Financial Resources

As at 31 March 2019, the equity attributable to owners of the parent increased by 1.6% to HK$5,891.0 million (2018: HK$5,799.5 million). The Group's total equity, including the non-controlling interests, increased to HK$8,005.5 million (2018: HK$7,999.4 million) as at 31 March 2019.

As at 31 March 2019, the Group's total assets were HK$16,417.9 million (2018: HK$15,916.5 million). Total cash and cash equivalent held amounted to HK$2,318.2 million (2018: HK$2,664.4 million) as at 31 March 2019. The Group also maintained a portfolio of liquid investments with an aggregate market value of HK$1,725.9 million (2018: HK$1,635.9 million) as at 31 March 2019, which is immediately available for use when in need.

The Group operates a central cash management system for unlisted subsidiaries. As at 31 March 2019, the Group's total debt amounted to HK$5,521.8 million (2018: HK$4,675.1 million). The total debt of the Group (excluding the total debt of the WOP Group and the WYT Group) amounted to HK$631.5 million (2018: HK$657.3 million) as at 31 March 2019. The Group's net debt to equity was approximately 40.0% (2018: 25.1%) as at 31 March 2019. 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 loans, less cash and cash equivalents. An analysis of the net debt is shown below:

Net debt	**2019**	2018
	HK$000	*HK$000*
The Group (excluding the total debt of WOP and WYT Group)	**363,415**	(28,957)
The WOP Group	**2,159,105**	1,533,522
The WYT Group	**681,018**	506,168
Total	**3,203,538**	2,010,733

As at 31 March 2019, the Group's land and buildings, investment properties (including the investment properties included in assets held for sale), properties under development, properties held for sale, available-for-sales investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying value of HK$471.1 million, HK$1,398.6 million, HK$3,216.4 million, HK$668.2 million, nil, HK$575.5 million and HK$77.5 million, respectively (2018: HK$483.2 million, HK$1,868.8 million, HK$1,168.3 million, HK$576.5 million, HK$239.6 million, nil and HK$96.6 million, respectively), were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2019 amounted to HK$956.9 million (2018: HK$1,567.0 million) which was mainly for its property development business. The Group has given guarantee to a bank in connection with a facility granted to the joint venture of the Group up to HK$2,440.4 million and the banking facility guaranteed by the Group was utilised to the extent of HK$1,297.5 million as at the end of the reporting period. An analysis is shown below:

	General banking facilities *HK$000*	**Total bank borrowings** *HK$000*
The Group (excluding the total debt of WOP and WYT Group)	913,051	631,525
The WOP Group	5,540,060	3,850,440
The WYT Group	1,634,750	852,227
Total for the Group	8,087,861	5,334,192

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

Debt Profile and Financial Planning

As at 31 March 2019, interest-bearing debt profile of the Group was analysed as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Bank loans repayable:		
Within one year or on demand	**2,124,044**	1,470,021
In the second year	**1,245,360**	1,332,427
In the third to fifth years, inclusive	**1,554,053**	1,392,024
Beyond five years	**410,735**	467,228
	5,334,192	4,661,770
Other loans repayable		
Within one year or on demand	—	13,397
In the third to fifth years, inclusive	**187,570**	—
	5,521,762	4,675,097

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

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

As at 31 March 2019, the Group held FVOCI and FVPL of approximately HK$1,573.7 million and HK$152.2 million, respectively:

	As at 31 March 2019		For the year ended 31 March 2019			Fair value/carrying amount		
Nature of investments	Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2019	As at 31 March 2018	Investment cost
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:								
A. Equity investment	107,321	1	(85,826)	—	1,841	107,321	187,493	120,488
B. Debt investments								
C. Bonds Cap — 10% 5-year Bonds	785,002	10	(5,778)	99,789	—	785,002	1,038,087	800,000
Others	681,338	8	6,183	39,624	—	681,338	255,627	665,759
Sub-total	1,573,661	19	(85,421)	139,413	1,841	1,573,661	1,481,207	1,586,247
Financial assets at fair value through profit or loss								
A. Equity investments	47,225	1	1,776	—	904	47,225	81,304	40,000
B. Funds	50,595	1	(773)	—	—	50,595	59,969	59,555
C. Bonds	48,192	1	2,675	1,868	—	48,192	5,733	47,235
D. Others	6,184	0	(1,477)	—	—	6,184	7,661	9,941
Sub-total	152,196	3	2,201	1,868	904	152,196	154,667	156,731
Total	1,725,857	22	(83,220)	141,281	2,745	1,725,857	1,635,874	1,742,978

The principal activities of the securities are as follows:

1. CAP is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

2. Save as disclosed above, the Group also invested in other shares listed in Hong Kong. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 31 March 2019.

3. Save as disclosed above, the Group also invested in other funds, the fair value of each of these funds represented less than 1.0% of the net assets of the Group as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Group has no material acquisitions and disposals of subsidiaries, and future plans for material investments or Capital assets.

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. As at 31 March 2019, the Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Group's operating expenses.

Employees and Remuneration Policies

As at 31 March 2019, the Group had 920 (2018: 943) employees, of whom approximately 84% (2018: 81%) were located in Hong Kong and the rest were located in mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principle Risks and Uncertainties

The Group has reviewed the principal risks and uncertainties which may affect its businesses, financial condition, operations and prospects based on its risk management system and considered that the major risks and uncertainties that may affect the Group included (i) Hong Kong economic conditions which may directly affect the property market; (ii) availability of suitable land bank for future development; (iii) the continuous escalation of construction cost in Hong Kong in recent years; (iv) business cycle for property under development may be influenced by a number of factors and the Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to 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 the downturn of economy; (viii) loss of management contracts for fresh markets which may arise in light of severe competition with existing market players and entry of new participants into the market; (ix) industrial policy risk and supply chain disruption for pharmaceutical business; and (x) internet risk.

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

The Group believes 2019/20 will be a good year across each of its business segments, despite the uncertainty over the trade dispute that has been clouding global economic prospects and heightening financial market volatility.

With the formation of Guangdong-Hong Kong-Macau Greater Bay Area which accommodates 68 million people with a total GDP of HK$10.9 trillion, it marks a new era of economic cooperation of the region. The fast pace of pushing forward a common market with free flows of human and capital resources, goods and services and information in Greater Bay Area should further boost Hong Kong's growth prospects.

On the property development and investment front, the Group remains positive about the Hong Kong residential property market in the coming few years and will continue to take full advantage of the prosperous property market. The Group will continue exploring opportunities in property acquisition and further enhance its operational efficiency and effectiveness to strengthen the real estate business.

The Group's fresh market segment maintains its growing momentum, and the Group is confident that it will continue to provide stable recurring income and cash flow to the Group. The Group expects to further expand its fresh market portfolio by collaboration with landlords from both public sectors and private investors. The Group will continue to work with its partners to identify opportunities for acquiring fresh markets to strengthen our recurring income.

During the period from April 2018 to March 2019, Hong Kong market retail sales of Chinese drugs and herbs drugs grew by 3% to HK$6,064 million making it one of the major types of retail industry in Hong Kong with a 17% market share. With the Hong Kong government actively promoting traditional Chinese Medicine in local market and co-operation with cities in the Greater Bay Area, it is believed that the market for Chinese pharmaceutical products and supplementation manufactured in Hong Kong is set to expand rapidly over the coming decade, spurred by the trend of preferential policies from the Chinese government. The Group believe its sales will be ahead of 2020 levels as a result of effective promotion activities and sales channel development. A number of the Group's newly launched products have quickly gained leading market share and are still growing at a fast pace. The Group will continue to push sales growth through effective marketing strategy and apply the selling expense wisely with emphasis on giving customers more direct benefits. The Group will continue to utilise its manufacturing and logistic support capabilities to protect its margins.

The overall strong financial position of the Group enables it to have a high degree of flexibility and agility for its treasury management segment. The Group will continue its proactive and prudent investment approach to drive business growth on all business segments.

Set out below is the management discussion and analysis of the JV Group's business and performance for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively. The financial data in respect of the JV Group, for the purpose of this circular, is derived from the Accountants' Reports of each of Seed Project Holdco 1 and its subsidiary, Seed Project Holdco 2 & its subsidiary, Seed Project Holdco 3 & its subsidiary, and Seed Project Holdco 4 & its subsidiaries, for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively.

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Financial Results

The JV Group's profit attributable to the WOP Group for the reporting period was approximately HK$0.9 million (six months ended 30 September 2020: approximately HK$1.3 million). No revenue was recorded during the reporting period.

Business Review

In the third quarter of 2021, the JV Group has successfully acquired a site located at Nos. 34 and 36 Main Street, Ap Lei Chau, Hong Kong and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 1), with a total gross floor area of approximately 38,600 square feet. It will be the JV Group's second project in Ap Lei Chau.

The first Ap Lei Chau project of the JV Group is located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 3), with a total gross floor area of approximately 37,000 square feet. Both Ap Lei Chau projects are planned to be redeveloped as part of "The Met" series.

The JV Group has completed the acquisition of the remaining units of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet, on 27 September 2021. The site will be in vacant possession by end of December 2021. Another project located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 4), and Nos. 31-41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong, with a total gross floor area of approximately 93,700 square feet, was in the process of compulsory sale.

In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

Liquidity and Financial Resources

As at 30 September 2021, the JV Group's total assets less current liabilities were approximately HK$795.0 million net liabilities (31 March 2021: approximately HK$561.4 million). The JV Group had cash and cash equivalents of approximately HK$6.1 million (31 March 2021 approximately 203.9 million) as at 30 September 2021.

Aggregate bank borrowings as at 30 September 2021 amounted to approximately HK$1,046.9 million (31 March 2021: approximately HK$814.0 million). The gearing ratio was approximately 17,537% (31 March 2021: approximately 8,973%), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2021, the JV Group's properties under development with carrying value of approximately HK$2,605.3 million (31 March 2021: approximately HK$1,848.5 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 30 September 2021 amounted to approximately HK$41.4 million (31 March 2021: approximately HK$37.9 million). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 30 September 2021 (31 March 2020: nil).

Treasury Policy

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources to meet its financial obligations.

Foreign Exchange

Management of the JV Group is of the opinion that the JV Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the JV Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the JV Group's operating expenses. The JV Group therefore has not engaged in any hedging activities during the relevant reporting period.

Debt Profile and Financial Planning

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

	30 September 2021	31 March 2021
Bank loans repayable:		
Within one year or on demand	**245,982**	245,850
In the second year	**603,618**	—
In the third to fifth year, inclusive	**197,336**	568,197
	1,046,936	814,047

The effective interest rate of bank loans was approximately 1.4% per annum (31 March 2021: approximately 1.5%).

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

Save as disclosed above, during the financial year, the JV Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

Employees and Remuneration Policies

The JV Group had no employees as at 30 September 2021.

Prospects

Despite the spreading of COVID-19 mutations and new variants worldwide, the Hong Kong economy continues to recover gradually. Domestic consumption and purchasing power are resilient that the contract sales of residential projects contributed by various Hong Kong developers are promising.

The JV Group keeps exploring potential redevelopment projects to strengthen its land banks. To leverage the JV Group's knowledge and expertise in property acquisition and project management, the JV Group will keep exploring the collaboration with experienced partners or investors.

FOR THE YEAR ENDED 31 MARCH 2021

Financial Results

The JV Group's loss attributable to the WOP Group for the financial year was approximately HK$2.1 million (2020: loss of approximately HK$2.2 million). No revenue was recorded during the reporting year.

Business Review

In July 2020, the JV Group has successfully acquired a site located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 3), with a total gross floor area of approximately 37,000 square feet.

During the reporting year, the JV Group also secured over 80% ownership of two adjacent sites located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and Nos 31-41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 4), with a total gross floor area of approximately 93,700 square feet.

The JV Group acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet in December 2018.

Both Seed Project 2 and Seed Project 4 proceeded to court for compulsory sales 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 JV Group may not be able to complete the consolidation of the ownership for redevelopment.

Liquidity and Financial Resources

As at 31 March 2021, the JV Group's total assets less current liabilities were approximately HK$561.4 million net liabilities (2020: net liabilities of approximately HK$4.70 million). As at 31 March 2021, the JV Group had cash and cash equivalents of approximately HK$203.9 million (2020: approximately HK$950,000).

Aggregate bank borrowings as at 31 March 2021 amounted to approximately HK$814.0 million (2020: approximately HK$245.7 million). The gearing ratio was approximately 8,973% (2020: approximately 5,204%), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. The JV Group was in net cash position as at 31 March 2021. As at 31 March 2021, the JV Group's properties under development with carrying value of approximately HK$1,848.5 million (2020: approximately HK$708.9 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 31 March 2021 amounted to approximately HK$37.9 million (2020: approximately HK$283.5 million). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 31 March 2021 (2020: nil).

Treasury Policy

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Foreign Exchange

Management of the JV Group is of the opinion that the JV Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the JV Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the JV Group's operating expenses. The JV Group therefore has not engaged in any hedging activities during the financial year.

Debt Profile and Financial Planning

As at 31 March 2021, interest-bearing debt profile of the JV Group was analysed as follows:

	31 March 2021	31 March 2020
Bank loans repayable:		
Within one year or on demand	**245,850**	245,534
In the second year	—	—
In the third to fifth year, inclusive	**568,197**	—
	814,047	245,534

The effective interest rate of bank loans was approximately 1.5% per annum (2020: approximately 3.6%).

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

Save as disclosed above, during the financial year, the JV Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

Employees and Remuneration Policies

The JV Group had no employees as at 31 March 2021.

Prospects

Under the challenges of COVID-19 pandemic, the global and local economies have been adversely affected in varying degrees. The launch of vaccination program and economic relaxing policies by the Hong Kong government helped to ease the conditions.

The JV Group is always eager to build up its land bank, mainly through old building acquisition. These redevelopment projects shall provide a more environmental and living friendly communities to citizens. The JV Group will keep exploring potential redevelopment projects to restock its land banks.

FOR THE YEAR ENDED 31 MARCH 2020

Financial Results

The JV Group's loss attributable to the WOP Group for the financial year was approximately HK$2.2 million (2019: loss of approximately HK$2.5 million). No revenue was recorded during the reporting year.

Business Review

The JV Group acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet in December 2018. The compulsory sales under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) is processing. The JV Group plans to develop this site into part of "The Met" series and focus on small-sized units which are highly demanded by single people, branch families and young homebuyers. In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

Liquidity and Financial Resources

As at 31 March 2020, the JV Group's total assets less current liabilities were approximately HK$4.7 million net liabilities (2019: net liabilities of approximately HK$2.5 million). As at 31 March 2020, the JV Group had cash and cash equivalents of approximately HK$950,000 (2019: approximately HK$258.5 million).

Aggregate bank borrowings as at 31 March 2020 amounted to approximately HK$245.5 million (2019: approximately HK$245.2 million). The gearing ratio was approximately 5,204% (2019: net cash position), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. The JV Group was in net cash position as at 31 March 2021. As at 31 March 2020, the JV Group's properties under development with carrying value of approximately HK$708.9 million (2019: approximately HK$671.6 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 31 March 2020 amounted to approximately HK$283.5 million (2019: nil). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 31 March 2020 (2019: nil).

Treasury Policy

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Foreign Exchange

Management of the JV Group is of the opinion that the JV Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the JV Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the JV Group's operating expenses. The JV Group therefore has not engaged in any hedging activities during the financial year.

Debt Profile and Financial Planning

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

	31 March 2020	31 March 2019
Bank loans repayable:		
Within one year or on demand	**245,534**	245,218
	245,534	245,218

The effective interest rate of bank loans was approximately 3.6% per annum (2019: approximately 3.2%).

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

Save as disclosed above, during the financial year, the JV Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

Employees and Remuneration Policies

The JV Group had no employees as at 31 March 2020.

Prospects

The continuation of COVID-19 pandemic and global uncertainties hinder the recovery of worldwide economy. Nevertheless, in view of the current low interest rate environment and a series of relief measures launched by the Hong Kong government to support enterprises and safeguard jobs, the residential property sector is expected to remain resilient over the long term.

The JV Group will pay close attention to changes in the overall environment, keep optimistic outlook but be ready for adversity and capture market opportunities.

FOR THE YEAR ENDED 31 MARCH 2019

Financial Results

The JV Group's loss attributable to the WOP Group for the financial year was approximately HK$2.5 million (2018: loss of approximately HK$21,000). No revenue was recorded during the reporting year.

Business Review

The JV Group successfully acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet.

This is an urban redevelopment project and has proceeded to court for compulsory sale 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 JV Group may not be able to complete the consolidation of the ownership for redevelopment.

Liquidity and Financial Resources

As at 31 March 2019, the JV Group's total assets less current liabilities were approximately HK$2.5 million net liabilities (2018: net liabilities of approximately HK$21,000). As at 31 March 2019, the JV Group had cash and cash equivalents of approximately HK$258.5 million (2018: nil).

Aggregate bank borrowings as at 31 March 2019 amounted to approximately HK$245.2 million (2018: nil). The JV Group was in net cash position as at 31 March 2019 (2018: not applicable). As at 31 March 2019, the JV Group's properties under development with carrying value of approximately HK$671.6 million (2018: nil) were pledged to secure the JV Group's general banking facilities.

The JV Group had no commitments and significant contingent liabilities as at 31 March 2019 (2018: nil).

Treasury Policy

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Foreign Exchange

Management of the JV Group is of the opinion that the JV Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the JV Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the JV Group's operating expenses. The JV Group therefore has not engaged in any hedging activities during the financial year.

Debt Profile and Financial Planning

As at 31 March 2019, interest-bearing debt profile of the JV Group was analysed as follows:

	31 March 2019	31 March 2018
Bank loans repayable:		
Within one year or on demand	**245,218**	—
	245,218	—

The effective interest rate of bank loans was approximately 3.2% per annum.

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

Save as disclosed above, during the financial year, the JV Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

Employees and Remuneration Policies

The JV Group had no employees as at 31 March 2019.

Prospects

The residential property business in Hong Kong is expected to be challenging this year, The US-China trade negotiation, Brexit, and the social events in Hong Kong are impacting market sentiment.

However, with the benefit of low interest rate environment, the demand for home ownership is still strong. The JV Group will continue to monitor the market changes closely and keep looking for opportunities in property acquisition and collaboration with strategic partners.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions in the Shares:

Name of Director	Number of Shares held, capacity and nature of interest Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate percentage of the Company's total issued share capital (*Note f*) %
Mr. Tang Ching Ho (“**Mr. Tang**”)	28,026,339	28,026,300 (*Note a*)	2,734,664,306 (*Note b*)	4,989,928,827 (*Note c*)	7,780,645,772	46.71
Ms. Yau Yuk Yin (“**Ms. Yau**”)	28,026,300	2,762,690,645 (*Note d*)	–	4,989,928,827	7,780,645,772 (*Note e*)	46.71
Ms. Stephanie	3,400,000	–	–	–	3,400,000	0.02

Notes:

(a) Mr. Tang was taken to be interested in those Shares in which his spouse, Ms. Yau, was interested.

(b) 486,915,306 shares were held by Caister Limited (a company wholly-owned by Mr. Tang), 531,000,000 shares were held by Billion Trader Limited (a direct wholly-owned subsidiary of Loyal Fame International Limited ("**Loyal Fame**"), which is a direct wholly-owned subsidiary of Easy One, which is in turn wholly-owned by Mr. Tang), and 432,475,200 and 1,284,273,800 shares were held by Suntech Investments Limited ("**Suntech Investments**") and Hearty Limited respectively (both direct wholly-owned subsidiary of Total Smart Investments Limited ("**Total Smart**"), which is directly wholly-owned by WYT, which is owned as to 65.79% by Rich Time Strategy Limited ("**Rich Time**"), which is in turn wholly-owned by Wang On Enterprises (BVI) Limited ("**WOE**"), a wholly-owned subsidiary of the Company).

(c) Mr. Tang was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.

(d) Ms. Yau was taken to be interested in those Shares in which her spouse, Mr. Tang, was interested.

(e) Ms. Yau was taken to be interested in those Shares by virtue of being a beneficiary of Tang's Family Trust.

(f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

Interest in the shares and underlying shares of associated corporations of the Company:

Name of Director	**Name of associated corporation**	**Nature of interest**	**Total number of shares involved**	**Approximate percentage of associated corporation's total issued share capital** % *(Note a)*
Mr. Tang Ms. Yau	CAP	Interest of controlled corporation	7,320,095,747 *(Note b)*	73.54
	WYT	Interest of controlled corporation	810,322,940 *(Note c)*	65.79
	WOP	Interest of controlled corporation	11,400,000,000 *(Note d)*	75.00

Notes:

(a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

(b) Pursuant to the disclosure of interests form published on the website of the Stock Exchange, among of the 7,320,095,747 shares of CAP, 2,007,700,062 shares were held by Onger Investments Limited ("**Onger Investments**") and 5,312,395,685 shares were held by Goal Success Investments Limited ("**Goal Success**"). Onger Investments is directly wholly-owned by Loyal Fame, a direct wholly-owned subsidiary of Easy One, which is in turn wholly-owned by Mr. Tang. Goal Success is directly wholly-owned by Biomore Investments Limited, a direct wholly-owned subsidiary of Total Smart, which is directly wholly-owned by WYT. WYT is owned as to 65.79% by Rich Time which is wholly-owned by WOE, a wholly-owned subsidiary of the Company which is owned as to 46.71% by Mr. Tang, together with his associates.

(c) 810,322,940 shares of WYT were held by Rich Time, which is wholly-owned by WOE, a wholly-owned subsidiary of the Company

(d) 11,400,000,000 shares of WOP were held by Earnest Spot Limited, a direct wholly-owned subsidiary of WOE.

(b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO

Save as disclosed in this Appendix, as at the Latest Practicable Date, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders *(Note a)*	**Capacity**	**Number of Shares**	**Approximate percentage of the Company's total issued share capital** *(Note d)* %
Accord Power Limited ("**Accord Power**") *(Note b)*	Beneficial owner – Tang's Family Trust	4,989,928,827	29.96
Alpadis Group Holding AG *(Note c)*	Interest of controlled corporation	4,989,928,827	29.96
Alpadis Trust (HK) Limited *(Note d)*	Interest of controlled corporation – Trustee	4,989,928,827	29.96
ESSEIVA, Alain *(Note c)*	Interest of controlled corporation	4,989,928,827	29.96
HEER, Dominik Philipp *(Note c)*	Interest of controlled corporation	4,989,928,827	29.96

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital *(Note d)* %
HEER, Krinya *(Note c)*	Family interest	4,989,928,827	29.96
WYT *(Note e)*	Interest of controlled corporation	1,716,749,000	10.31

Notes:

(a) For details of Mr. Tang and Ms. Yau's interests, please refer to the section headed "Disclosure of Interest — Interests of Directors" in Appendix VI of this circular.

(b) Accord Power is wholly-owned by Alpadis Trust (HK) Limited in its capacity as trustee of Tang's Family Trust. Accordingly, Alpadis Trust (HK) Limited was taken to be interested in those Shares held by Accord Power.

(c) Alpadis Group Holding AG is held by ESSEIVA, Alain as to 56.78% and HEER, Dominik Philipp as to 43.22%. Accordingly, ESSEIVA, Alain and HEER, Dominik Philipp were taken to be interested in those Shares in which Alpadis Group Holding AG was interested. HEER, Krinya is the spouse of HEER, Dominik Philipp and was therefore taken to be interested in those Shares in which HEER, Dominik Philipp was interested.

(d) Alpadis Trust (HK) Limited is the trustee of Tang's Family Trust. Alpadis Trust (HK) Limited is owned as to 20% by each of Eastwest Trading Ltd., Raysor Limited, AGH Invest Ltd., AGH Capital Ltd. and Alpadis Group Holding AG.

(e) WYT is an indirect non wholly-owned listed subsidiary of the Company.

(f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

Mr. Tang, the chairman and executive Director, is the sole ultimate beneficial owner of Easy One, which has been principally engaged in, among others, financing business since 2015, was considered to have an interest in business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Ms. Stephanie, an executive Director, is a director of Easy One and the daughter-in-law of Mr. Tang, Ms. Yau, the deputy chairman and an executive Director, is the spouse of Mr. Tang.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

(i) In 2007, the CAP Group acquired Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd ("**Tian Jiu**") for their respective 70% and 20% interest in Baishazhou Agricultural (the "**Baisazhou Acquisition**"). Since 2011, the CAP Group has been involved in a number of civil proceedings in Mainland China and Hong Kong. The key civil proceedings in Mainland China and Hong Kong in respect of the Baisazhou Acquisition are set out below:

In 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) Baisazhou Agricultural forged the related documentation for filing with MOFCOM and the Hubei Administration For Industry and Commerce (the "**Hubei AIC**"), and that such documentation and the Contended Agreements involved forged signatures; and (c) MOFCOM and the Hubei AIC approved the Baisazhou Acquisition and processed the related fillings on the basis of the above documents that are allegedly forged. In December 2015, the Beijing Second Intermediate People's Court directed MOFCOM to reconsider its approval decision. In May 2016, MOFCOM decided that its approval issued in relation to the Contended Agreements shall not be revoked and shall remain to be in force (the "**Reconsidered Decision**").

In August 2016, Ms. Wang and Tian Jiu commenced administrative proceedings against MOFCOM in the Beijing Second Intermediate People's Court seeking to set aside the Reconsidered Decision. In March 2017, the Beijing Second Intermediate People's Court dismissed the application of Ms. Wang and Tian Jiu ("**31 March Judgment**"). On 20 December 2018, the Beijing Higher People's Court upheld the 31 March Judgment ("**20 December Judgment**") and 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 sale 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 MOFCOM's approvals). Ms. Wang and Tian Jiu filed their counterclaim for, inter alia, the return of 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.

(ii) In 2011, CAP issued a Writ of Summons in the Court of First Instance of the High Court of Hong Kong ("**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) endorse, 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.

(iii) On 19 October 2020, Puyang Kaiping Construction Company Limited ("**Puyang Kaiping**") issued a writ against Puyang Hongjin Agricultural and By-Product Exchange Market Company Limited (a subsidiary of CAP, "**Puyang Hongjin**"), seeking an order from the Puyang Hualong District People's Court (the "**Hualong Court**") that Puyang Hongjin shall pay Puyang Kaiping RMB3,719,501.87 being construction payment together with interest. On 21 January 2021, Puyang Hongjin received the judgment of the Hualong Court dated 12 January 2020, in which the Hualong Court ordered that (1) Puyang Hongjin shall pay Puyang Kaiping RMB3,719,501.87 being construction payment and (2) in the event of default by Puyang Hongjing, interest accrued on the outstanding sum shall be doubled during the period of delayed performance.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The WOG Group

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the WOG Group which are or may be material:

(a) the Subscription and Shareholders' Agreement;

(b) the Sale and Purchase Agreements;

(c) a subscription agreement dated 23 September 2021 (the "**Jumbo Subscription Agreement**") entered into among Treasure Fountain International Limited ("**Treasure Fountain**"), an indirect wholly-owned subsidiary of WOP, Jumbo Holding, Crystal Castle Ventures Limited ("**Crystal Castle**"), an indirect wholly-owned subsidiary of WOP prior to completion, and WOP, as guarantor for Treasure Fountain and Crystal Castle, in relation to (i) the subscription of one new share in Crystal Castle by Jumbo Holding at a subscription price of US$1.00; and (ii) the formation of a joint venture between Treasure Fountain and Jumbo Holding in relation to Crystal Castle; and a shareholders' agreement dated 23 September 2021(the "**Jumbo Shareholders' Agreement**") entered into among Treasure Fountain, Jumbo Holding and Crystal Castle to govern their rights and obligations as shareholders of Crystal Castle, the details of which were set out in the joint announcement of the Company and WOP dated 23 September 2021;

(d) on 21 September 2021, Twist Pioneer Limited ("**Twist Pioneer**"), an indirect wholly-owned subsidiary of WOP, placed an order to acquire in aggregate US$3.88 million 11.75% senior notes due 2022 issued by Fantasia Holdings Group Co., Limited (Stock Code: 1777) ("**Fantasia**") from the secondary market for a total consideration of approximately US$2.12 million, the details of which were set out in the announcement of the Company dated 21 September 2021;

(e) a provisional agreement dated 30 July 2021(the "**Stadium Holdings Provisional Agreement**") entered into among Fession Group Limited ("**Fession**"), an indirect wholly-owned subsidiary of WOP, as vendor, O.M. Management Limited ("**O.M. Management**") as purchaser, and WOP, as Fession's guarantor, in relation to the disposal of the entire issued share capital in Stadium Holdings Limited ("**Stadium Holdings**") and the assignment of the shareholder's loan(s) owing by Stadium Holdings to Fession for a consideration of HK$515 million (the "**Stadium Holdings Disposal**") and a formal agreement dated 16 September 2021 (the "**Stadium Holdings Formal Agreement**") in relation to the Stadium Holdings Disposal, details of which were set out in the joint announcement of the Company and WOP dated 30 July 2021, the circular of the Company dated 23 September 2021 and the announcement of the Company dated 11 October 2021;

(f) on 19 July 2021, Mailful Investments Limited ("**Mailful Investments**"), an indirect wholly-owned subsidiary of the Company, and Suntech Investments, an indirect wholly-owned subsidiary of WYT, received confirmation in relation to their respective subscription of shares in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC and CS Blackstone REIT Access Fund SPC for an aggregate subscription amount of US$15.5 million, before fees and expenses (the "**Access Fund Subscription**"), the details of which were set out in the joint announcement of the Company and WYT dated 19 July 2021 (the "**Joint July Announcement**");

(g) on 16 July 2021, Mailful Investments acquired in aggregate US$10 million 9.75% senior notes in due 2023 issued by Kaisa Group Holdings Ltd. (Stock Code: 1638) from the secondary market for a total consideration of approximately US$10.3 million, the details of which were set out in the announcement of the Company dated 16 July 2021;

(h) a capital reorganisation agreement (the "**Capital Reorganisation Agreement**") dated 18 June 2021 entered into between Century Choice Limited ("**Century Choice**"), a wholly-owned subsidiary of CAP, and 玉林市市場開發服務中心 (Yulin Market Development Service Centre*) in respect of the reduction of registered capital contribution by Century Choice in 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**") by an aggregate amount of approximately RMB41.9 million, which amount will be paid by Yulin Hongjin to Century Choice in cash, the details of which were set out in the joint announcement of the Company, WYT and CAP dated 18 June 2021;

(i) a subscription agreement dated 23 April 2021 entered into among Mailful Investments, as subscriber, ZWC Fund II General Partners Limited, as the general partner, and ZWC Fund II L.P. (the "**Fund**"), in relation to the subscription and purchase of a limited partnership interest in the Fund at the total capital contribution of US$10 million, the details of which were set out in the announcement of the Company dated 23 April 2021;

(j) on 26 March 2021, the Company and Twist Pioneer Limited placed orders to acquire in aggregate US$9.0 million 8.5% senior notes due 2023 issued by Yuzhou Group Holdings Company Limited (Stock Code: 1628) from the secondary market for a total consideration of approximately US$8.1 million, the details of which were set out in the announcement of the Company dated 26 March 2021;

(k) on 5 February 2021, Twist Pioneer received a confirmation of allotment in respect of its subscription for the 11.875% senior notes due 2023 issued by Fantasia in the principal amount of US$5.0 million for a total consideration of approximately US$5.3 million, the details of which were set out in the announcement of the Company dated 7 February 2021;

(l) on 28 October 2020, Mailful Investments made an application to subscribe for 2,000,000 H shares initially offered by Ant Group Co. Ltd. for subscription pursuant to its initial public offering in the aggregate amount of HK$160,000,000 (exclusive of the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee), the details of which were set out in the announcements of the Company dated 28 October 2020 and 4 November 2020, respectively;

(m) during the period from 9 July 2020 to 22 October 2020, the Company conducted a series of on-market transactions to dispose of an aggregate of (i) 199,400 shares in Alibaba Group Holding Limited (Stock Code: 9988) for an aggregate consideration of approximately HK$53.6 million (exclusive of transaction costs); and (ii) 3,186,000 shares in Xiaomi Corporation (Stock Code: 1810) for an aggregate consideration of approximately HK$60.8 million (exclusive of transaction costs), and during the period from 26 June 2020 to 22 October 2020, the Company conducted a series of on-market transactions to dispose all aggregate of 331,000 shares in Meituan (Stock Code: 3690) for an aggregate consideration of approximately HK$66.6 million (exclusive of transaction costs), the details of which were set out in the announcement of the Company dated 22 October 2020;

(n) on 26 March 2020, Twist Pioneer placed an order to acquire in aggregate US$5.0 million 8.9% senior notes due 24 May 2021 issued by China Evergrande Group (Stock Code: 3333) from the secondary market for a total consideration of approximately US$4.4 million, the details of which were set out in the announcement of the Company dated 26 March 2020; and

(o) on 6 December 2019, Mailful Investments, Suntech Investments and Twist Pioneer, placed orders to acquire in aggregate US$20.0 million 11.5% senior notes due 12 February 2022 issued by China South City Holdings Limited (Stock Code: 1668) ("**China South**") for a total consideration of approximately US$19.5 million, the details of which were set out in the announcement of the Company dated 6 December 2019.

The WOP Group

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the WOP Group which are or may be material:

(a) the Subscription and Shareholders' Agreement;

(b) the Sale and Purchase Agreements;

(c) the Jumbo Subscription Agreement and the Jumbo Shareholders' Agreement;

(d) on 13 August 2021, Spring Avenue Limited, an indirect wholly-owned subsidiary of WOP, as vendor, Jibsen Capital (Holdings) Limited, as purchaser and WOP as vendor's guarantor, entered into a conditional agreement for sale and purchase, pursuant to which the purchaser has agreed to acquire, and the vendor has agreed to sell the entire issued share capital and the shareholder's loan of Full Loyal Limited for an initial consideration of HK$72.0 million (subject to adjustments pursuant to the sale and purchase agreement), the details of which were set out in the announcement of the Company dated 13 August 2021;

(e) the Stadium Holdings Provisional Agreement and the Stadium Holdings Formal Agreement;

(f) a binding term sheet dated 30 March 2021 entered into between WOP and Turbo Holdings Ltd ("**Turbo Holdings**") in relation to (i) the subscription of one new share in Merry Cottage Ltd ("**Merry Cottage**") by Turbo Holdings at a subscription price of US$1.00; and (ii) the formation of a joint venture between WOP and Turbo Holdings in relation to Merry Cottage; a sale and purchase agreement dated 30 March 2021 entered into between Star Loyal Limited, an indirect wholly-owned subsidiary of Merry Cottage, and Million World Development Limited (Stock Code: 0017) in relation to the acquisition of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE (天生樓), which is located at No. 88, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong, the details of such binding term sheet and sale and purchase agreement which were set out in the joint announcement of the Company and WOP dated 30 March 2021; and a supplemental binding term sheet dated 21 June 2021 entered into between WOP, Turbo Holdings, Able Sentry Limited ("**Able Sentry**") and Stealth Eagle Holdings Limited ("**Stealth Eagle**"), pursuant to which, Solar Ranger Limited, an indirect wholly-owned subsidiary of the Company, Turbo Maltese Investment Limited, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in Merry Cottage for considerations of US$6,399, US$2,999, US$335 and US$265, respectively, the details of which were set out in the joint announcement of the Company and WOP dated 21 June 2021; and

(g) on 3 March 2021, Twist Pioneer received a confirmation of acceptance of its subscription for the 11.95% senior notes due 2023 issued by China South City Holdings Limited (Stock Code: 1668) in the principal amount of US$5.0 million for a total consideration of approximately US$4.8 million, the details of which were set out in the announcement of WOP dated 3 March 2021.

The WYT Group

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the WYT Group which are or may be material:

(a) the Access Fund Subscription, the details of which were set out in the Joint July Announcement;

(b) a provisional sale and purchase agreement dated 1 July 2021 (together with a formal agreement dated 1 September 2021) entered into between, among others, City Brighter Limited ("**City Brighter**"), an indirect wholly-owned subsidiary of WYT, and Mighty Famous Limited, in relation to the disposal of Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon at the consideration of HK$28.4 million, the details of which were set out in the announcement of WYT dated 1 July 2021;

(c) the Capital Reorganisation Agreement;

(d) on 8 June 2021, Upper Speed Investments Limited, an indirect non-wholly subsidiary of WYT, acquired in aggregate principal amount of US$5.0 million 7.375% senior notes in due 2021 issued by Fantasia from the secondary market for a total consideration of approximately US$5.06 million, the details of which were set out in the announcement of WYT dated 8 June 2021;

(e) a provisional agreement for sale and purchase dated 16 October 2020 (together with a formal agreement dated 30 October 2020) entered into between, among others, City Brighter and Fubon Bank (Hong Kong) Limited ("**Fubon Bank**") in relation to the acquisition of Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon, for a total consideration of HK$19.5 million, the details of which were set out in the announcement of WYT dated 16 October 2020 (the "**WYT October Announcement**");

(f) a provisional agreement for sale and purchase dated 16 October 2020 (together with a formal agreement dated 30 October 2020) entered into between, among others, Sunny Victor Limited, an indirect wholly-owned subsidiary of WYT, and Fubon Bank in relation to the acquisition of Apartment No. E-1 on First Floor of Block E, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon, for a total consideration of HK$4.0 million, the details of which were set out in the WYT October Announcement;

(g) a provisional agreement for sale and purchase dated 16 October 2020 (together with a formal agreement dated 30 October 2020) entered into between, among others, Wai Yuen Tong (Regional) Limited, an indirect wholly-owned subsidiary of WYT, and Fubon Bank in relation to the acquisition of Shop No. E on Ground Floor of Block E, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon, for a total consideration of HK$19.5 million, the details of which were set out in the WYT October Announcement; and

(h) on 4 December 2019, Suntech Investments placed an order to acquire 11.5% senior notes due 8 December 2020 of Redco Properties Group Limited in the aggregate principal amount of US$3.0 million for a total consideration of US$3.0 million, the details of which were set out in the announcement of WYT dated 4 December 2019.

The CAP Group

Within the two years immediately preceding the Latest Practicable Date, the following contract(s) (not being contracts entered into in the ordinary course of business) has/have been entered into by the members of the CAP Group which is/are or may be material:

(a) the Capital Reorganisation Agreement.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion and advice, which is contained in this circular:

Name	Qualification
Asset Appraisal Limited	Independent professional valuer
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

(b) The company secretary of the Company is Mr. Cheung Chin Wa Angus. He is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

(c) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.wangon.com from the date of this circular up to and including 23 December 2021:

(a) the Subscription and Shareholders Agreement;

(b) the Sale and Purchase Agreements;

(c) the financial information of each of the Disposal Subsidiaries and their respective subsidiaries prepared by Ernst & Young as set out in Appendices IIA to IID to this circular;

(d) the report on the unaudited pro forma financial information of the Post-Disposal Group (as defined in Appendix IIIA) prepared by Ernst & Young as set out in Appendix IIIA to this circular;

(e) the report on the unaudited pro forma financial information of the Option-Remaining Group (as defined in Appendix IIIB) prepared by Ernst & Young as set out in Appendix IIIB to this circular;

(f) the valuation report on the Seed Projects prepared by Asset Appraisal Limited as set out in Appendix IV to this circular; and

(g) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix.

WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Wang On Group Limited (the "**Company**") will be held at Unit 1103-06, China Building, 29 Queen's Road Central, Hong Kong on Thursday, 23 December 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Subscription and Shareholders' Agreement (as defined in the circular of the Company dated 8 November 2021 of which this notice forms part (the "**Circular**")) (a copy of which has been produced in this meeting and marked "A" and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;

(b) the Sale and Purchase Agreements (as defined in the Circular) (a copy of which has been produced in this meeting and marked "B" and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;

(c) the grant and exercise of the Options and the Re-Up JV Options (each as defined in the Circular), as applicable, pursuant to the terms as set out in the Subscription and Shareholders' Agreement (as defined in the Circular), be and is hereby approved, confirmed and ratified; and

(d) any one director of the Company (the "**Director**") be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Joint Venture and the Subscription and Shareholders' Agreement, the Disposal and the Sale and Purchase Agreements (as defined in the Circular), the Options and the Re-Up JV Options (each as defined in the Circular) and the transactions contemplated thereunder."

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Cheung Chin Wa Angus
Company Secretary

Hong Kong, 8 December 2021

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business: in Hong Kong:
Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed.

2. The register of members of the Company will be closed from Monday, 20 December 2021 to Thursday, 23 December 2021 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m., on Friday, 17 December 2021.

3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.

4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).

* *For identification purpose only*

5. Completion and delivery of the form of proxy will not preclude members from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder.

7. The above resolutions will be voted by way of a poll at the SGM.