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WANG ON GROUP LIMITED
（宏安集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2022	2021	Change
	(Unaudited)	(Unaudited)	
	HK$ million	*HK$ million*	
		(Restated)	
Revenue	**2,050**	897	+128.7%
Gross profit	**532**	453	+17.4%
Net (loss)/profit attributable to owners of the parent	**(24)**	46	-152.2%
Earnings/(loss) per share *(HK cent)*			
— Basic and diluted	**(0.17)**	0.31	-154.8%

	As at 30 September 2022	As at 31 March 2022	
	(Unaudited)	(Audited)	
	HK$ million	*HK$ million*	
Net asset value	**9,100**	9,600	-5.2%
Net asset value per share *(HK$)*	**0.57**	0.60	-5.0%
Gearing ratio	**54.1%**	55.9%	-1.8%

* *For identification purpose only*

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2022, together with the comparative figures which have been restated to reflect the changes of segment composition for the corresponding period of last year, as follows. This interim condensed consolidated financial information was not audited, but has been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2022

	Notes	Six months ended 30 September **2022** **(Unaudited)** ***HK$'000***	2021 (Unaudited) *HK$'000* (Restated)
REVENUE			
Revenue from contracts with customers	*4*	**1,815,993**	580,034
Interest income from treasury operation	*4*	**42,693**	87,893
Revenue from other sources	*4*	**191,793**	228,583
Total revenue		**2,050,479**	896,510
Cost of sales		**(1,518,319)**	(443,180)
Gross profit		**532,160**	453,330
Other income and gains, net	*4*	**74,569**	62,366
Selling and distribution expenses		**(203,589)**	(131,163)
Administrative expenses		**(270,459)**	(285,384)
Impairment losses on financial assets, net		**(11,628)**	(37,004)
Other expenses		**(36,208)**	(57,362)
Finance costs	*5*	**(130,910)**	(110,698)
Write-down of properties under development		**(5,620)**	—
Write-down of properties held for sale		**(16,261)**	—
Fair value losses on financial instruments at fair value through profit or loss, net		**(23,573)**	(31,345)
Fair value gains on owned investment properties, net		**18,599**	59,266
Share of profits of:			
Joint ventures		**108,362**	211,645
Associates		**722**	59
PROFIT BEFORE TAX	*6*	**36,164**	133,710
Income tax expense	*7*	**(33,541)**	(23,389)
PROFIT FOR THE PERIOD		**2,623**	110,321

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(103,372)**	(107,863)
Reclassification adjustments for losses/(gains) included in profit or loss		
— Impairment losses, net	**6,516**	31,516
— Loss/(gain) on disposal/redemption, net	**23,027**	(24,204)
	(73,829)	(100,551)
Exchange differences on translation of foreign operations	**(370,300)**	52,658
Other reserves:		
Share of other comprehensive income/(loss) of joint ventures	**(11,796)**	1,881
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(455,925)**	(46,012)
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, net of tax	**(7,012)**	11,047
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(7,012)**	11,047
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(462,937)**	(34,965)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(460,314)**	75,356

	Note	Six months ended 30 September **2022** **(Unaudited)** ***HK$'000***	2021 (Unaudited) *HK$'000*
Profit/(loss) attributable to:			
Owners of the parent		**(23,613)**	46,494
Non-controlling interests		**26,236**	63,827
		2,623	110,321
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(225,794)**	11,397
Non-controlling interests		**(234,520)**	63,959
		(460,314)	75,356
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**HK(0.17) cent**	HK0.31 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2022

	Notes	30 September 2022 (Unaudited) HK$'000	31 March 2022 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,348,844**	1,288,288
Investment properties		**3,713,885**	4,227,712
Club memberships		**31,800**	15,000
Properties under development		**1,827,570**	1,752,244
Investments in joint ventures		**3,088,135**	2,797,739
Investments in associates		**23,483**	22,761
Financial assets at fair value through other comprehensive income		**282,107**	295,274
Financial assets at fair value through profit or loss		**167,616**	171,842
Loans and interest receivables	*10*	**85,774**	90,532
Prepayments, other receivables and other assets		**185,795**	182,468
Deferred tax assets		**326**	15,576
Total non-current assets		**10,755,335**	10,859,436
CURRENT ASSETS			
Properties under development		**2,241,258**	3,376,279
Properties held for sale		**2,038,687**	1,977,986
Inventories		**231,578**	188,179
Trade receivables	*11*	**89,585**	104,927
Loans and interest receivables	*10*	**333,529**	385,160
Prepayments, other receivables and other assets		**523,023**	605,208
Cost of obtaining contracts		**16,094**	35,597
Financial assets at fair value through other comprehensive income		**14,297**	160,022
Financial assets at fair value through profit or loss		**115,853**	312,885
Tax recoverable		**10,414**	14,728
Pledged deposit		**12,106**	31,250
Restricted bank balances		**9,223**	7,311
Cash and cash equivalents		**1,691,540**	1,451,365
		7,327,187	8,650,897
Assets classified as held for sale and assets of a disposal company		**610,536**	546,114
Total current assets		**7,937,723**	9,197,011

	Note	30 September 2022 (Unaudited) HK$'000	31 March 2022 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	12	**176,542**	109,850
Other payables and accruals		**983,926**	1,042,828
Contract liabilities		**239,115**	750,710
Interest-bearing bank and other borrowings		**2,140,522**	3,182,605
Tax payable		**138,812**	143,714
		3,678,917	5,229,707
Liabilities of a disposal company		**245,835**	221,673
Total current liabilities		**3,924,752**	5,451,380
NET CURRENT ASSETS		**4,012,971**	3,745,631
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,768,306**	14,605,067
NON-CURRENT LIABILITIES			
Unsecured notes		**206,627**	219,497
Interest-bearing bank and other borrowings		**4,288,975**	3,457,477
Other payables		**575,792**	641,082
Deferred tax liabilities		**596,488**	687,217
Total non-current liabilities		**5,667,882**	5,005,273
Net assets		**9,100,424**	9,599,794
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**159,775**	159,775
Treasury shares		**(92,605)**	(92,605)
Reserves		**5,725,200**	5,924,641
		5,792,370	5,991,811
Non-controlling interests		**3,308,054**	3,607,983
Total equity		**9,100,424**	9,599,794

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2022

1. BASIS OF PREPARATION

Wang On Group Limited (the "**Company**") is a limited liability company incorporated in Bermuda, and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are described in note 3 to the unaudited interim condensed consolidated financial information.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") *34 Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2022.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 April 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 April 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

(e) the treasury management segment engages in provision of finance, investments in debt and other securities which earn interest income and management assets on behalf of the Group's capital partners via investment vehicles.

The provision of asset management services has been one of the businesses of the Group for years. During the year ended 31 March 2022, the board of directors of the Company has resolved that additional resources would continuously be deployed to the provision of asset management services and accordingly, the provision of asset management services is redesignated by the board of directors as one of the principal businesses of the Group. The results of the provision of asset management services are also separately reviewed and evaluated for management reporting purposes. Accordingly, asset management fee of HK$4,382,000 that were previously classified as other income has been reclassified to revenue for the six months ended 30 September 2021 and the cost of services provided of HK$12,992,000 that were previously classified as administrative expense has been reclassified to cost of sales for the six months ended 30 September 2021 and the presentation of segment information for the six months ended 30 September 2021 has been restated to reflect this change of segment composition.

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

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

Reportable segment information

Six months ended 30 September

	Property development		**Property investment**		**Fresh markets**		**Pharmaceutical**		**Treasury management**		**Elimination**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)						(Restated)				(Restated)
Segment revenue ***(Note 4)*****:**														
Sales to external customers	**1,358,229**	190,600	**5,406**	11,019	**331,272**	334,266	**298,653**	254,226	**56,919**	106,399	**–**	–	**2,050,479**	896,510
Intersegment sales	**–**	–	**14,995**	6,683	**–**	–	**382**	3,970	**–**	–	**(15,377)**	(10,653)	**–**	–
Other revenue	**17,487**	14,761	**15,753**	16,057	**3,908**	378	**–**	–	**82**	146	**–**	–	**37,230**	31,342
Total	**1,375,716**	205,361	**36,154**	33,759	**335,180**	334,644	**299,035**	258,196	**57,001**	106,545	**(15,377)**	(10,653)	**2,087,709**	927,852
Segment results	**106,838**	139,111	**87,279**	177,825	**80,536**	56,808	**(4,782)**	(24,755)	**(32,315)**	(5,689)			**237,556**	343,300
Reconciliation:														
Bank interest income													**3,162**	3,584
Finance costs													**(130,910)**	(110,698)
Fair value losses of financial instruments at fair value through profit or loss, net													**(23,573)**	(31,345)
Corporate and unallocated income and expenses, net													**(50,071)**	(71,131)
Profit before tax													**36,164**	133,710
Income tax expense													**(33,541)**	(23,389)
Profit for the period													**2,623**	110,321

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Revenue from contracts with customers		
Sale of properties	**1,358,229**	190,600
Sale of goods	**349,762**	285,428
Commission income from agricultural produce exchange markets	**51,505**	49,253
Agricultural produce exchange markets ancillary services	**47,390**	50,371
Asset management fee	**9,107**	4,382
	1,815,993	580,034
Interest income		
Interest income from treasury operation	**42,693**	87,893
Revenue from other sources		
Sub-licensing fee income	**85,961**	100,627
Gross rental income from investment properties operating leases	**100,713**	113,832
Dividend income from financial assets	**6,107**	9,720
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**(988)**	4,404
	191,793	228,583
	2,050,479	896,510

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 September 2022

Segments	**Property development** *HK$'000* (Unaudited)	**Pharmaceutical** *HK$'000* (Unaudited)	**Fresh Markets** *HK$'000* (Unaudited)	**Treasury Management** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Types of goods or services					
— Sales of properties	**1,358,229**	**—**	**—**	**—**	**1,358,229**
— Sales of goods	**—**	**298,653**	**51,109**	**—**	**349,762**
— Commission income from agricultural produce exchange markets	**—**	**—**	**51,505**	**—**	**51,505**
— Agricultural produce exchange markets ancillary services	**—**	**—**	**47,390**	**—**	**47,390**
— Asset management fee	**—**	**—**	**—**	**9,107**	**9,107**
Total revenue from contracts with customers	**1,358,229**	**298,653**	**150,004***	**9,107**	**1,815,993**
Timing of revenue recognition					
Goods/services transferred at a point in time	**1,358,229**	**294,400**	**102,614**	**2,160**	**1,757,403**
Services transferred over time	**—**	**4,253**	**47,390**	**6,947**	**58,590**
	1,358,229	**298,653**	**150,004***	**9,107**	**1,815,993**

For the six months ended 30 September 2021

Segments	Property development *HK$'000* (Unaudited)	Pharmaceutical *HK$'000* (Unaudited)	Fresh Markets *HK$'000* (Unaudited)	Treasury Management *HK$'000* (Unaudited) (Restated)	Total *HK$'000* (Unaudited) (Restated)
Types of goods or services					
— Sales of properties	190,600	—	—	—	190,600
— Sales of goods	—	254,226	31,202	—	285,428
— Commission income from agricultural produce exchange markets	—	—	49,253	—	49,253
— Agricultural produce exchange markets ancillary services	—	—	50,371	—	50,371
— Asset management fee	—	—	—	4,382	4,382
Total revenue from contracts with customers	190,600	254,226	130,826*	4,382	580,034
Timing of revenue recognition					
Goods/services transferred at a point in time	190,600	251,407	80,455	—	522,462
Services transferred over time	—	2,819	50,371	4,382	57,572
	190,600	254,226	130,826*	4,382	580,034

* Sub-licensing fee income and gross rental income from investment property operating leases of HK$85,961,000 (six months ended 30 September 2021: HK$100,627,000) and HK$95,307,000 (six months ended 30 September 2021: HK$102,813,000), respectively that were attributable to the fresh markets segment of the Group were not included in the above disclosure.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**494,656**	—

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

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Other income		
Bank interest income	**3,162**	3,584
Management fee income	**6,419**	1,834
Forfeiture of deposits from customers	**4,655**	580
Government subsidies*	**4,739**	799
Others	**39,906**	39,050
	58,881	45,847
Gains, net		
Gain on disposal of subsidiaries	**14,551**	16,038
Gain on early redemption of unsecured notes	**774**	—
Gain on modification/termination of lease contracts	**—**	52
Gain on disposal of investment property	**363**	—
Exchange gains, net	**—**	429
	15,688	16,519
Other income and gains, net	**74,569**	62,366

* Government subsidies during the six months ended 30 September 2022, represented The People's Republic of China (the "**PRC**") government subsidies of HK$4,739,000 (six months ended 30 September 2021: HK$799,000) granted to the Group by the local governmental authority in Mainland China for the business support on its investments in an agricultural produce exchange market in Mainland China.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**123,260**	95,584
Interest on lease liabilities	**21,983**	22,721
Interest on unsecured notes	**12,153**	11,279
Interest on convertible notes	**—**	7,648
	157,396	137,232
Less: interest capitalised	**(26,486)**	(26,534)
	130,910	110,698

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Cost of services provided**	**90,732**	148,186
Cost of properties sold**	**1,158,784**	161,217
Cost of inventories recognised as an expense** (including allowance for obsolete inventories of HK$372,000 (30 September 2021: HK$4,101,000))	**197,641**	169,923
Depreciation of owned assets	**30,779**	46,176
Depreciation of right-of-use assets	**40,234**	33,118
Loss on disposals of property, plant and equipment*	**320**	5
Fair value losses/(gains) on sub-leased investment properties**	**59,979**	(36,272)
Impairment/(reversal of impairment) of items on property, plant and equipment*	**8,474**	(8,018)
Loss on disposal/redemption of financial assets at fair value through other comprehensive income, net*	**23,027**	65,375
Impairment/(reversal of impairment) on financial assets, net:		
Debt investments at fair value through other comprehensive income, net	**6,516**	31,741
Trade and other receivables, net	**3,176**	(679)
Loans and interest receivables, net	**1,936**	5,942
	11,628	37,004
Foreign exchange difference, net	**4,387***	(429)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties**	**11,183**	126

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

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

Note:

Wage subsidies of HK$17,556,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from May to July 2022 were received during the six months ended 30 September 2022 (six months ended 30 September 2021: Nil). These subsidies were recognised in "Administrative expenses" and offset with the employee benefit expenses.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong	**9,820**	5,557
Current — other jurisdiction	**24,249**	61,453
Deferred	**(528)**	(43,621)
Total tax charge for the period	**33,541**	23,389

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

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

No adjustment has been made to the basic loss per share presented for the six months ended 30 September 2022 in respect of a dilution as the impact of the share options issued by China Agri-Products Exchange Limited ("**CAP**") had no dilutive effect on the basic loss per share presented.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2021 in respect of a dilution as the impact of share options of Wai Yuen Tong Medicine Holding Limited and the convertible notes issued by CAP outstanding had an anti-dilutive effect on the basic earnings per share presented.

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

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**(23,613)**	46,494

	Number of shares	
	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**15,977,520**	16,657,520
Less: Weighted average number of treasury shares	**(1,716,749)**	(1,716,749)
Weighted average number of ordinary shares used in the basic and diluted earnings/(loss) per share calculation	**14,260,771**	14,940,771

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
2022 final — Nil (2021: 2021 final — HK0.2 cent) per ordinary share	**—**	33,315
Less: final dividend related to treasury shares attributable to the owners of the parent	**—**	(2,259)
Less: final dividend related to treasury shares attributable to the non-controlling shareholders	**—**	(1,175)
	—	29,881

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.1 cent per share, totalling HK$16,658,000).

10. LOANS AND INTEREST RECEIVABLES

	Notes	**30 September 2022 (Unaudited) *HK$'000***	31 March 2022 (Audited) *HK$'000*
Loans and interest receivables, secured	*(i)*	**411,410**	495,203
Loans and interest receivables, unsecured	*(ii)*	**101,323**	77,298
		512,733	572,501
Less: Impairment allowance		**(93,430)**	(96,809)
		419,303	475,692
Less: Loans and interest receivables classified as non-current assets		**(85,774)**	(90,532)
Current portion		**333,529**	385,160

Notes:

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 5% to 27% (31 March 2022: 5% to 36%). The credit terms of these loans receivable range from 3 months to 10 years (31 March 2022: 3 months to 10 years). The carrying amounts of these loans receivable approximate to their fair values.

(ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 1% to 33% (31 March 2022: 1% to 36%). The credit terms of these loans receivable range from 6 months to 72 months (31 March 2022: 6 months to 72 months). The carrying amounts of these loans receivable approximate to their fair values.

11. TRADE RECEIVABLES

	30 September 2022 (Unaudited) *HK$'000*	31 March 2022 (Audited) *HK$'000*
Trade receivables	**110,444**	125,717
Less: impairment	**(20,859)**	(20,790)
	89,585	104,927

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

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

	30 September 2022 (Unaudited) ***HK$'000***	31 March 2022 (Audited) *HK$'000*
Within 1 month	**58,013**	75,459
1 to 3 months	**14,837**	9,433
3 to 6 months	**10,018**	8,267
Over 6 months	**6,717**	11,768
	89,585	104,927

12. TRADE PAYABLES

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

	30 September 2022 (Unaudited) ***HK$'000***	31 March 2022 (Audited) *HK$'000*
Within 1 month	**118,346**	45,832
1 to 3 months	**14,824**	9,753
3 to 6 months	**1,095**	9,328
Over 6 months	**42,277**	44,937
	176,542	109,850

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

13. COMPARATIVE AMOUNTS

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.1 cent per share).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2022 ("**this Financial Period**" or the "**Period**"), the Group's revenue and loss attributable to owners of the parent amounted to approximately HK$2,050.5 million (six months ended 30 September 2021: approximately HK$896.5 million (as restated)) and HK$23.6 million (six months ended 30 September 2021: profit of approximately HK$46.5 million), respectively.

BUSINESS REVIEW

The Group's revenue for the Period increased by approximately 128.7% to approximately HK$2,050.5 million (six months ended 30 September 2021: approximately HK$896.5 million (as restated)). Increase in revenue was mainly due to the increase in sales contributed from the delivery of the Group's property development projects in which the Group has a controlling stake in the Period.

Loss attributable to owners of the parent for the Period was approximately HK$23.6 million as compared to the profit attributable to owners of the parent for the six months ended 30 September 2021 of approximately HK$46.5 million. This was primarily attributable to, among other things, (i) decrease in delivery of completed residential projects from joint ventures, (ii) decrease in net fair value gains on investment properties, (iii) impairment losses on property, plant and equipment recorded for the Period, against the reversal of impairment losses on property, plant and equipment recorded for the six months ended 30 September 2021, and (iv) decrease in revenue from property sales in agricultural produce exchange markets in the People's Republic of China (the "**PRC**") (through the Company's listed subsidiary, China Agri-Products Exchange Limited ("**CAP**", a non-wholly owned listed subsidiary of the Company, together with its subsidiaries, collectively, the "**CAP Group**") during the Period as compared to that for the corresponding period in 2021, as partially offset by increase in gross profit resulting from delivery of property projects as owned by the Group as well as decrease in loss on disposal of financial assets for the Period as compared to that for the corresponding period in 2021. The Company regularly reviews its financial position and maintains a healthy cash balance to support the business growth.

The Group recorded gross profit and gross profit margin of approximately HK$532.2 million and 26.0% respectively for the Period (six months ended 30 September 2021: approximately HK$453.3 million (as restated) and 50.6% respectively). The decline in gross profit margin was mainly due to the lower gross profit margin on the properties sold during the Period.

The Group recorded administrative expenses of approximately HK$270.5 million in the Period (for the six months ended 30 September 2021: approximately HK$285.4 million). This remained stable and in control as compared with the corresponding period in 2021. Selling and distribution expenses were approximately HK$203.6 million in the Period (for the six months ended 30 September 2021: approximately HK$131.2 million), and such increment is primarily attributable to the support of the increase in property sales. Finance costs were approximately HK$130.9 million in the Period (for the six months ended 30 September 2021: approximately HK$110.7 million) and such increase was mainly due to rising the interest rates of the bank and other borrowings.

The share of profits of joint ventures for the Period amounted to approximately HK$108.4 million (six months ended 30 September 2021: approximately HK$211.6 million). The decrease was mainly due to the delivery of less property sales of two jointly developed property projects, namely “maya” and “Altissimo”, during the Period.

As of 30 September 2022, the Group’s net assets were approximately HK$9,100.4 million (31 March 2022: approximately HK$9,599.8 million). Its cash resources amounted to approximately HK$1,843.1 million (31 March 2022: approximately HK$1,962.8 million) including cash and bank balances of approximately HK$1,712.9 million (31 March 2022: approximately HK$1,489.9 million) and short-term investments of approximately HK$130.2 million (31 March 2022: approximately HK$472.9 million). In aggregate, the total borrowings as of 30 September 2022 was approximately HK$6,636.1 million (31 March 2022: approximately HK$6,859.6 million) giving the Group a net debt position (total borrowings less cash and bank balances) of approximately HK$4,923.2 million (31 March 2022: net debt position of approximately HK$5,369.7 million). The review of the individual business segments of the Group is set out below.

Property Development

During the Period, the property development segment recorded revenue (sales to external customers) and segment profit of approximately HK$1,358.2 million and approximately HK$106.8 million, respectively (six months ended 30 September 2021: approximately HK$190.6 million and approximately HK$139.1 million, respectively (as restated)).

The property development segment consists of the Hong Kong residential and commercial property sales from Wang On Properties Limited ("**WOP**", a non-wholly owned listed subsidiary of the Company, together with its subsidiaries, collectively the "**WOP Group**"); and the property sales in the PRC, by CAP. Wai Yuen Tong Medicine Holdings Limited ("**WYT**", a non-wholly owned listed subsidiary of the Company, together with its subsidiaries, collectively the "**WYT Group**") has a controlling interest in CAP.

Revenue contributed by the WOP Group from property development sector amounted to HK$1,250.0 million mainly due to the sales recognition of "The Met. Azure" during the Period (six month ended 30 September 2021: Nil).

During the six months ended 30 September 2022, the Group's property development business in the PRC (through the CAP Group) recorded revenue of approximately HK$108.2 million (six months ended 30 September 2021: approximately HK$190.6 million). The decrease in revenue contributed from the CAP Group is mainly due to the delivery of less property sales during the Period when compared with the corresponding period in 2021.

"The Met. Azure" project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) and was launched to market in August 2021. As at the date of this announcement, 313 out of 320 units released have been sold. The total sales proceeds amounted to approximately HK$1.6 billion.

The WOP Group has launched the pre-sales of "Larchwood" in August 2022. The "Larchwood" project is located in the core area of Kowloon and is supported by well-developed community facilities. This project is the WOP Group's first urban redevelopment commercial and residential project in a long time. The project leverages on the competitive advantages of our previous projects and also incorporates more humanised designs to achieve harmony with the old and new cultures in the community. As at the date of this announcement, 37 out of 98 units released have been sold. The total sales proceeds amounted to approximately HK$178.7 million.

"maya", which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by the WOP Group together with CIFI Holdings (Group) Co. Ltd ("**CIFI**"). As at the date of this announcement, all of the 326 units have been sold, the aggregate sales proceeds amounted to approximately HK$4.3 billion. The WOP Group owns 50% equity interest in this development project and is responsible for project management.

The WOP Group's Whitehead project (No. 11 Yiu Sha Road, Ma On Shan), "Altissimo", is co-developed with 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 the date of this announcement, 530 of the 547 units released have been sold and the aggregate sales proceeds amounted to approximately HK$6.3 billion. The WOP Group owns 40% equity interest in this development project.

In November 2021, the WOP Group has entered into a subscription and shareholders' agreement (the "**Transaction**") with the depositary of APG Strategic Real Estate Pool ("**APG**"). After the subscription of share from the WOP Group, a new joint venture company (the "**APG JV**") was formed to engage in acquisition of residential properties in Hong Kong for development and redevelopment for sales. The WOP Group subscribed for a 50% equity interest in the APG JV with a maximum total capital commitment of HK$2,334 million. The APG JV is accounted for as a 50% jointly-owned entity of the WOP Group and it is accounted for under the equity method of accounting in the Group's consolidated financial information. The Group considers the co-operation with the APG presents a good opportunity to leverage on the WOP Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand the business. Please refer to the announcement of the Company and WOP dated 8 November 2021 and the circular of the Company and WOP dated 8 December 2021 for details. The Transaction was approved by the shareholders of the Company and WOP and completed in December 2021.

In August 2022, Star Moral Limited ("**Star Moral**"), a wholly-owned subsidiary of WOP (which was subsequently sold to the APG JV) has successfully completed the acquisition of the site located at Nos. 128–130 Main Street, Ap Lei Chau. This project will be redeveloped as part of "The Met." series.

In September 2022, Sky Admiral Limited, a wholly-owned subsidiary of WOP, entered into a sale and purchase agreement with Sky Plaza Limited, a wholly-owned subsidiary of the APG JV to sell the entire issued share capital and shareholder's loan of Star Moral at an initial consideration of approximately HK$554.8 million. Please refer to the announcement of the Company and WOP dated 1 September 2022 and the circular of the Company and WOP dated 23 September 2022 for details. This transaction was completed on 14 October 2022. This site is adjacent to another project (located at Nos. 120–126 Main Street, Ap Lei Chau, Hong Kong) which in turn was disposed of by the WOP Group to the APG JV in December 2021. The APG JV will redevelop these two sites together as residential and commercial mixed use property for sale. As at the date of this announcement, the demolition work is undergoing at the site.

As at the date of this announcement, six of the previously wholly-owned projects of the WOP Group, namely Nos. 120–126 Main Street, Ap Lei Chau, Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, and Nos. 26–48 Ming Fung Street, Wong Tai Sin, Nos. 31–41 and 45 Fei Fung Street, Wong Tai Sin, Nos. 12–16, 18–20, 22 and 24 Ting Yip Street, Ngau Tau Kok and Nos. 128–130 Main Street, Ap Lei Chau, were sold to the APG JV.

In late September 2022, the APG JV has acquired the sites located at Nos. 101 and 111 King's Road, Fortress Hill from the joint venture group of the WOP Group and CIFI (the "**CIFI JV**") for approximately HK$1.3 billion. The CIFI JV was formed in October 2020, in which CIFI and the WOP Group own 60% and 40% equity interest, respectively. The total site area is approximately 12,400 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King's Road are positioned at a convenient location within only a few minutes' walk to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. As at the date of this announcement, foundation work is undergoing at the site.

In July 2022, the WOP Group has launched the sales of "LADDER Dundas", the own-developed Ginza-style commercial property. Situated on Nos. 575-575A Nathan Road within Kowloon's Yau Tsim Mong district, LADDER Dundas is a 19 storey building in the heart of visitor flow and consuming power. In one month's time, 15 out of 19 floors were sold and the sales proceeds amounted to approximately HK$463.3 million.

On 18 February 2022, City Arise Limited, an indirect wholly-owned subsidiary of WOP, entered into a sale and purchase agreement to sell the entire issued share capital and the shareholder's loan owed by True Promise Limited ("**True Promise**") to the APG JV. True Promise owned the residential and commercial units located at Nos. 12–16, 18–20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon, Hong Kong. The transaction was completed in May 2022. Please refer to the announcement of the Company and WOP dated 18 February 2022 and the circular of the Company and WOP dated 20 April 2022 for details.

In April 2018, Rich United Limited, an indirect non-wholly owned subsidiary of WOP, has completed the acquisition of all the 16 properties located at Nos. 86A–86D Pokfulam Road, Hong Kong. The site is located at a traditional luxury residential area with easy access to Central. It will be redeveloped into luxurious properties and is undergoing the superstructure works as at the date of this announcement. The WOP Group owns 70% equity interest in this property development project.

As at the date of this announcement, the WOP Group's development land portfolio is as follows:

Location	Approximate site area *(square feet)*	Approximate gross floor area *(square feet)*	Intended usage	Anticipated year of completion
Nos. 86A-86D Pokfulam Road	28,500	28,500	Residential	2023
Nos. 120–130 Main Street, Ap Lei Chau	7,200	74,200	Residential and Commercial	2025
Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau	4,100	39,200	Residential and Commercial	2025
Nos. 50–62 Larch Street and Nos. 6–8 Lime Street, Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024
Nos. 26–48 Ming Fung Street, Wong Tai Sin	9,600	81,300	Residential and Commercial	2025
Nos. 31–41 and 45 Fei Fung Street, Wong Tai Sin	10,400	93,700	Residential and Commercial	2025
Nos. 12–16, 18–20, 22 and 24 Ting Yip Street, Ngau Tau Kok	5,200	46,300	Residential and Commercial	2025
Nos. 101 and 111 King's Road, Fortress Hill	12,400	131,600	Residential and Commercial	2026

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

The WOP Group is always exploring different channels to increase its land banks. Apart from its participation in public tenders, the WOP Group has also actively worked on acquisitions of ownerships in old buildings with a view to providing stable land resource for future development.

Fresh Markets and Agricultural Produce Exchange Markets

The fresh market and agricultural produce exchange market business segment recorded a decrease in revenue (sales to external customers) by approximately 0.9% to approximately HK$331.3 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK$334.3 million), of which revenue of approximately HK$195.4 million was contributed from the operation of agricultural produce exchange markets of the CAP Group in the PRC; approximately HK$135.9 million was contributed from the fresh market operations in Hong Kong, including approximately HK$49.9 million from revenue streams brought by butchery, vegetable and other retail operations in Hong Kong. Such decrease is mainly due to the expiration of leases of several fresh markets.

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 600 stalls under the "Allmart" brand and "Day Day Fresh" brands of fresh markets in Hong Kong with a total gross floor area of over 150,000 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. The Group will also continue to locate high population density areas to set up fresh markets and mini fresh markets.

In April 2022, the Group was informed by Link Properties Limited, the landlord of the fresh market located at the first floor of the Choi Ming Shopping Centre, Choi Ming Court, 1 Choi Ming Street, Tseung Kwan O, Sai Kung, New Territories, Hong Kong, of their agreement to renew the lease for the market for a term of three years up to 7 December 2024. Please refer to the Company's announcement dated 14 April 2022 for details.

In May 2022, Wang On Majorluck Limited (an indirect wholly-owned subsidiary of the Company) ("**Wang On Majorluck**") received a letter from the Hong Kong Housing Authority indicating its agreement to lease a fresh market located at B1/F, Kai Chuen Shopping Centre, Kai Chuen Court, Wong Tai Sin, Hong Kong with an area under lease of approximately 1,282 square metres to Wang On Majorluck. The fresh market will commence its operation in the end of 2022. Please refer to the Company's announcement dated 24 May 2022 for details.

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

In May 2019 and July 2019, joint ventures 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.

For the Period, the butchery business generated revenue of approximately HK$35.0 million (six months ended 30 September 2021: approximately HK$28.7 million). The increase in revenue was mainly due to additional new butchery stores opened during the Period. The Group believes that the demand for pork in local diets, combined with the Group's well established fresh market network, can still allow the growth and a relatively low-risk development for this business. As at 30 September 2022, 17 butchery stores were in operation.

During the Period, the Group had extended its retail business to fruit and vegetables retailing by partnering up with different operators. This business segment commenced in the end of the last financial year, and is still in the setup phase.

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

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

Property Investment

As at 30 September 2022, the Group owned investment properties in Hong Kong and the PRC comprised of commercial, industrial and residential units with a total carrying value of approximately HK$3,713.9 million (31 March 2022: approximately HK$4,227.7 million).

During the Period, the Group received gross rental income (sales to external customers) of approximately HK$5.4 million (six months ended 30 September 2021: approximately HK$11.0 million).

In September 2021, the WOP Group partnered with an independent third party, Jumbo Holding (BVI) L.P. ("**Jumbo Holding**") to form a joint venture (the "**Jumbo JV**"), in which the WOP Group owns 50% equity interest upon completion of share subscription by Jumbo Holding, 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. The Jumbo Property provides a total of 509 car parking spaces and it is located next to various major residential buildings and private club and is about a few minutes of 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.

The WOP Group has also partnered with Kohlberg Kravis Roberts & Co. L.P. ("**KKR**") to own two commercial accommodations, known as "Lake Silver" located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and "The Parkside" located at No. 18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The WOP Group has 50% equity interest in each project. The WOP Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at the date of this announcement, Lake Silver is fully let and The Parkside has an occupancy rate of over 97%.

Apart from the international investment organisations, the WOP Group has formed a joint venture with three other parties in which the WOP Group owns 64% of its equity interest. The other three partners are independent third parties to the WOP 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 owns the entire interests in the ground floor and first floor of THE PARKVILLE, No. 88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (the "**Parkville Property**"). 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. As at the date of this announcement, the Parkville Property is fully let.

During the Period, the WYT Group subdivided a property at Ground Floor and Cockloft, Nos. 581 and 581A Nathan Road, Mongkok, Kowloon, Hong Kong into two properties. A property was used by the WYT Group as retail shop and another one was leased out for generating rental income. Therefore, the owned properties in Hong Kong from 13 as at 31 March 2022 to 14 as at 30 September 2022.

As at 30 September 2022, the Group still held 9 secondhand residential properties with valuation of approximately HK$50.3 million. The Group will continue to identify suitable 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. During the Period, there was an improvement on the Group's pharmaceutical and health food products segment with revenue (sales to external customers) totaling approximately HK$298.7 million (six months ended 30 September 2021: approximately HK$254.2 million), representing an increase of approximately 17.5%. The Hong Kong economy improved in overall terms but the extent of improvement was weaker than expected. Weakened global demand and continued cross-boundary transportation disruptions dragged heavily on export performance. In Hong Kong, the latest "0+3" quarantine and testing arrangements for inbound visitors should be also conductive to attracting visitors and thereby improving the overall consumer market sentiment. The Hong Kong Government's Consumption Voucher Scheme ("**CVS**") will continue to support consumption demand, but the recent adverse financial conditions may have dampened consumer sentiment and spending and may also cause businesses to be more cautious in undertaking capital investment.

Chinese Pharmaceutical and Health Food Products

In the first half of 2022, the strict anti-pandemic measures in the PRC, Hong Kong and Macau brought the COVID-19 under control. As a result, economic activities recovered gradually and the labour market continued to improve. With suitable sales strategies and benefiting from the launching of CVS in April 2022, revenue of Chinese pharmaceutical and health food products recorded a healthy growth of approximately 11.1% when compared with the same period in 2021.

The WYT Group ran a CVS thematic campaign to offer range of products with attractive price tags on multi-pack purchases aiming to capture the government-boosted purchasing power in the consumer market. The WYT Group has also increased its range of health tonic supplements offering to further capture the growing segment of the market. Advertisements were also created to support sales by the WYT Group of retail network. Moreover, the WYT Group has launched its 125th Anniversary campaign showcasing the heritage and the spirit of inheritance in order to increase the brand awareness of Wai Yuen Tong and its long history.

In order to stay competitive amongst key market players in the PRC, Hong Kong and Macau, the WYT Group keeps expanding its market share by opening retail outlets in the domestic sector. Moreover, to extend our care for public health, we are expanding our fleet of professional Chinese medicine practitioner for provision of Chinese medical clinic services at our retail outlets. In particular, WYT has launched three Chinese specialists centers in Central, Causeway Bay and Jordan to provide specialised solutions for patients with special medical needs. In addition, the WYT Group has further expanded its distribution networks in key chain stores as well as expanded activities in its online e-commerce business.

The WYT 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 of the current uncertain business environment.

Western Pharmaceutical and Health Food Products

During the Period, the economies of Hong Kong continued to be impacted by the COVID-19 pandemic. Though we saw inspiring signs of recovery, market sentiment was still swayed by new threats of virus variants. The ongoing pandemic-related travel restrictions have kept more than 99% of inbound tourists away from Hong Kong compared with pre-pandemic level. Notwithstanding, the total revenue of Western pharmaceutical and personal care products business during the Period delivered a growth of 80.6% over the corresponding period in 2021.

Responding to such a turbulent market environment, the WYT Group spared no effort in realising business opportunities in the market. “Madame Pearl’s”, our heritage brand, has achieved the Hong Kong cough syrup sales champion for 12 consecutive years, underpinned by our continuous efforts in strategic sales and marketing activities. During the Period, the WYT Group made sound and solid progress in the building up effective Hong Kong trade channels for distributing Luxembourg’s products. Furthermore, to comply with the PRC’s relevant regulations, the WYT Group has engaged various local distributors to boost up the channel penetration of the “Madame Pearl’s” and “Pearl’s” brand into the PRC.

“Pearl’s”, the WYT Group’s another key brand, has established leadership in mosquito repellent product market in Hong Kong. The sales revenue of “Pearl’s” Mosquitout reported a growth over the corresponding period in 2021. Additionally, to cater for the evolving trend of market needs, especially for the elderly and the pressing demand for protection against infection, in the coming year, the WYT Group planned to introduce nutritious soft meals for the elderly and an advanced disinfectant range under the brand name, “Pearl’s”.

During the pandemic period, consumer purchasing behavior has greatly shifted away from offline to online. In response to this trend, the WYT Group has been actively deploying resources to establish our e-commerce channels, including the distribution of "Madame Pearl's" and "Pearl's" products through our own online platform (WYT eShop) and selected third-party e-commerce platforms, e.g. HKTVmall and the implementation of our cross-border e-commerce business plan.

Treasury Management

The Group maintains a healthy financial position. Liquid investments and cash and bank balances amounted to approximately HK$2,292.7 million as at 30 September 2022, represented a decrease of approximately 5.6% from the balance of approximately HK$2,429.9 million as at 31 March 2022. The liquid investments and cash and bank balances represented approximately 7.6% of the debt securities, approximately 7.3% of equity securities, approximately 10.4% of funds and other investments, and approximately 74.7% of cash and bank balances.

During the Period, in order to manage risk and maintain a healthy liquidity, the Group has disposed of certain bond investments which resulted in realised losses.

Money Lending Business

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

During the Period, the Group's lending business contributed revenue of approximately HK$23.5 million (six months ended 30 September 2021: approximately HK$33.9 million), down by approximately 30.7%, mainly due to the decrease in the size of the Group's loan portfolio. Our loan portfolio includes both individual and corporate customers. As at 30 September 2022, we had 52 (31 March 2022: 51) active loan accounts, gross loan balances of which were approximately HK$419.0 million (31 March 2022: approximately HK$461.3 million). Secured loans accounted for approximately 79.1% (31 March 2022: approximately 82.9%) while unsecured loans accounted for approximately 20.9% (31 March 2022: approximately 17.1%). As at 30 September 2022, in terms of the loan balances, the top 5 customers of the money lending business accounted for approximately 49.0% (31 March 2022: approximately 53.9%) of the portfolio. The tenors of the loans ranged from 3 months to 120 months (31 March 2022: 3 months to 120 months). The weighted-average interest rates of secured loans were approximately 12.1% (31 March 2022: approximately 12.9%) per annum and that for unsecured loans were approximately 15.4% (31 March 2022: approximately 16.2%) per annum. As at 30 September 2022, the loan-to-value ratio of the secured loans was approximately 65.1% (31 March 2022: approximately 70.3%) which the management considered to be a safe level. Impairment losses during the Period amounted to approximately HK$1.1 million (six months ended 30 September 2021: approximately HK$7.2 million) and such losses related primarily to the expected credit loss allowance arising as a result of delayed repayment. The decrease in the size of our loan portfolio was a result of the generic drop in demand in the market amid the pandemic, while we were more cautious in accepting potential applications during the risky environment.

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

Asset Management

The Group, through WOP, provides the asset management services and keeps on deploying resources to strengthen the business.

The WOP Group has entered into joint ventures with different strategic partners in both residential developments and commercial investments. By leveraging on its resources and networks in Hong Kong market, the WOP Group also manages the assets on behalf of the capital partners of some of these joint ventures.

As the asset manager of the invested assets, the WOP Group earns fee income, including, asset management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the WOP Group's joint venture partners having received their targeted capital returns. Those asset management fees contributed a stable and occurring income for the Group.

Other than managing two commercial accommodation investments, namely “Lake Silver” and “The Parkside”, in which the WOP Group co-invested with KKR in 2019, the WOP Group has been engaged as the asset manager in the Parkville JV and the Jumbo JV. The details of the managed assets can be referred to the above section “Property Investment” in this announcement.

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

During the Period, the WOP Group recorded fee income amounting to approximately HK$9.1 million (six months ended 30 September 2021: approximately HK$4.3 million). The increase was mainly due to the addition of new managed assets.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the equity attributable to owners of the parent decreased by approximately 3.3% to approximately HK$5,792.4 million (31 March 2022: approximately HK$5,991.8 million). The Group’s total equity, including the non-controlling interests, decreased to approximately HK$9,100.4 million (31 March 2022: approximately HK$9,599.8 million) as at 30 September 2022.

As at 30 September 2022, the Group’s total assets were approximately HK$18,693.1 million (31 March 2022: approximately HK$20,056.4 million). Total cash and bank balances held amounted to approximately HK$1,712.9 million (31 March 2022: approximately HK$1,489.9 million) as at 30 September 2022. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$579.9 million (31 March 2022: approximately HK$940.0 million) as at 30 September 2022.

As at 30 September 2022, the Group’s total debt amounted to approximately HK$6,636.1 million (31 March 2022: approximately HK$6,859.6 million). The Group’s net debt to equity ratio (or the net gearing ratio) was approximately 54.1% (31 March 2022: approximately 55.9%) as at 30 September 2022.

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

As at 30 September 2022, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loan receivable and pledged deposit with carrying value of approximately HK$611.1 million, approximately HK$1,980.0 million, approximately HK$3,847.7 million, approximately HK$887.4 million, approximately HK$91.5 million, HK$Nil, approximately HK$70.0 million and approximately HK$12.1 million respectively (31 March 2022: approximately HK$474.1 million, approximately HK$1,992.0 million, approximately HK$4,829.7 million, approximately HK$1,081.6 million, approximately HK$277.1 million, approximately HK$103.1 million, HK$141.5 million and approximately HK$31.3 million respectively) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2022 amounted to approximately HK$1,100.9 million (31 March 2022: approximately HK$2,412.2 million) which was mainly attributed to its property development business. In addition, the Group's share of capital commitments to joint ventures amounted to approximately HK$34.9 million (31 March 2022: approximately HK$43.3 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to approximately HK$450.8 million (31 March 2022: approximately HK$450.8 million) which were utilised to the extent of approximately HK$307.8 million as at 30 September 2022 (31 March 2022: approximately HK$360.9 million).

As at 30 September 2022, the Group provided guarantees of approximately HK$41.0 million to customers in favour of certain banks for the loans provided by the banks to the customers in respect of the properties sold to them (31 March 2022: approximately HK$45.5 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 principal amount together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds. Save as disclosed herein, the Group had no significant contingent liabilities as at 30 September 2022.

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 maintaining liquidity.

As at 30 September 2022, interest-bearing debt profile, which were denominated in Hong Kong dollars and Renminbi ("**RMB**"), of the Group was analysed as follows:

	30 September 2022 *HK$'000*	31 March 2022 *HK$'000*
Bank loans repayable		
Within one year or on demand	**2,072,852**	3,044,945
In the second year	**1,754,663**	1,470,439
In the third to fifth year, inclusive	**2,301,923**	1,743,824
Beyond five years	**26,159**	36,984
	6,155,597	6,296,192
Other loans repayable		
Within one year or on demand	**67,670**	137,660
In the second year	**206,230**	206,230
	273,900	343,890
Unsecured Notes *(i)*		
In the second year	**206,627**	—
In the third to fifth year, inclusive	**—**	219,497
	206,627	219,497
	6,636,124	6,859,579

(i) CAP had issued unsecured notes with maturity in September 2024 (the "**Unsecured Notes**") which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of debt issue to professional investors only (stock code: 5755). On 24 August 2022, CAP had completed the repurchase and subsequently cancelled the Unsecured Notes in the aggregate principal amount of HK$30.0 million. Immediately upon such repurchase and cancellation, Unsecured Notes in the principal amount of HK$260.0 million remained outstanding. Please refer to the announcement dated 25 August 2022 published by CAP for details.

After the Period, CAP had further completed the repurchase and cancellation of the outstanding Unsecured Notes in the aggregate principal amount of HK$70.0 million in October 2022. Immediately upon such repurchase and cancellation, Unsecured Notes in the principal amount of HK$190.0 million remained outstanding as at the date of this announcement. Please refer to the announcements dated 13 October 2022 and 21 October 2022 published by CAP for details.

As at 30 September 2022, the bank loans and other loans mainly carried interest at contractual interest rates ranging from HIBOR+0.5% to HIBOR+2.5% (31 March 2022: HIBOR+0.8% to HIBOR+2.5%) and 6% to 7.75% (31 March 2022: 6% to 7.75%) per annum, respectively, and the Unsecured Notes carry an effective interest at 11.1% (31 March 2022: 11.1%) per annum.

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, inter alia, replenishment of the Group's land bank, enhancement of our portfolio of properties for investment and/or payment of construction costs for the development of the property development projects, the Group has 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 2022, the Group held financial assets at fair value through other comprehensive income ("**FVOCI**") and financial assets at fair value through profit or loss ("**FVPL**") of approximately HK$296.4 million and approximately HK$283.5 million, respectively:

		As at 30 September 2022		Six months ended 30 September 2022			Fair value/carrying amount		
		Amount held	Percentage to the Group's net assets	Fair value gain/ (loss)	Interest income	Dividend received	As at 30 September 2022	As at 31 March 2022	Investment cost
	Note	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FVOCI:									
A. Equity investment		166,528	1.8%	(7,012)	—	2,368	166,528	209,417	318,939
B. Bonds									
China South City Holdings Limited ("**China South City**")	1	90,648	1.0%	(35,588)	9,663	—	90,648	132,446	167,419
Other bonds		39,228	0.4%	(67,784)	4,607	—	39,228	113,433	370,627
Subtotal		296,404	3.2%	(110,384)	14,270	2,368	296,404	455,296	856,985
FVPL:									
A. Equity investment		124	—	13	—	1,439	124	2,597	78
B. Funds	2	235,195	2.6%	(15,904)	94	2,300	235,195	421,557	333,587
C. Bonds		45,295	0.5%	(1,079)	2,583	—	45,295	46,373	50,534
D. Others		2,855	—	(6,603)	—	—	2,855	14,200	5,393
Subtotal		283,469	3.1%	(23,573)	2,677	3,739	283,469	484,727	389,592
Total		579,873	6.3%	(133,957)	16,947	6,107	579,873	940,023	1,246,577

The principal activities of the securities are as follows:

Notes:

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 in integrated logistics and trade centers, residential and commercial ancillary facilities, property management, development, operations and maintenance of an e-commerce platform and provision of advertising, exhibition, logistics and warehousing services, outlet operations and other services.

2. On 19 July 2021, the Group executed the subscription of interests in the Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC, a Cayman Islands segregated portfolio company and CS Blackstone REIT Access Fund SPC, a Cayman Islands segregated portfolio company (together, the "**Access Funds**") 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 stabilised, 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). During the Period, each of the Access Funds have been repurchased and the Group does not hold any interests in the Access Funds as at the date of this announcement. Please refer to the joint announcement dated 19 July 2021 and 19 September 2022 published by the Company and WYT for details.

3. Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange and other major stock exchanges. The fair value of each of these shares represented less than 1.0% of the net assets of the Group as at 30 September 2022.

4. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.0% of the net assets of the Group as at 30 September 2022.

   Save as disclosed above, during the Period, the Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments or capital assets.

LITIGATION

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

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

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

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

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

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

(b) 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 Agreement 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 (the "**31 March Judgement**"). On 20 December 2018, the Beijing Higher People's Court upheld the 31 March Judgement (the "**20 December Judgement**"). Ms. Wang and Tian Jiu applied to the Supreme People's Court for a retrial and for dismissal of (i) the 31 March Judgement, and (ii) the 20 December Judgement, but this application was dismissed by the Supreme People's Court on 29 December 2020.

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

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

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

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

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

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

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

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

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

The case has now come to an end.

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

EVENTS AFTER REPORTING PERIOD

On 1 October 2022, CAP and the Company entered into a master licensing agreement which sets out the general principles and key terms governing the definitive licensing agreements under which relevant members of the Group may grant license of, and the CAP Group may take up the license of the premises from 1 October 2022 to 30 September 2025. Details were disclosed in the joint announcement of the Company, WYT and CAP dated 1 October 2022.

On 3 October 2022, 13 October 2022 and 21 October 2022, CAP further repurchased part of the unsecured notes in an aggregate principal amount of HK$70.0 million of the outstanding unsecured notes (the "**Repurchased Notes**") via open market, representing approximately 17.5%, and together with Unsecured Notes previously repurchased and cancelled, representing approximately 52.5% of the aggregate principal amount of the Unsecured Notes originally issued. The repurchases were funded by internal resources. Details of the repurchases were disclosed in the announcements dated 13 October 2022 and 21 October 2022 issued by CAP.

After cancellation of the Repurchased Notes and as at the date of this announcement, the aggregate principal amount of the Unsecured Notes remaining outstanding was HK$190.0 million.

FOREIGN EXCHANGE

The Board is of the opinion that the Group has material foreign exchange exposure in RMB. All the bank borrowings are denominated in Hong Kong dollar and RMB. The revenue of the Group, being mostly denominated in Hong Kong dollar and RMB, matches the currency requirements of the Group's operating expenses. Currently, the Group does not have a foreign currency hedging policy.

The activities of the Group are exposed to foreign currency risks mainly arising from its operations in the PRC. The RMB exposure of the Group is mainly derived from currency translation risk arising from the net assets of our PRC subsidiaries. The re-translation of the net assets denominated in RMB into Hong Kong dollars using the exchange rate as of the reporting date resulted in a re-translation loss of approximately HK$370.3 million (six months ended 30 September 2021: gain of approximately HK$52.7 million). The re-translation loss/gain was recognised in other comprehensive income/exchange reserve.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 2,203 (31 March 2022: 2,145) employees, of whom approximately 43% (31 March 2022: approximately 43%) were located in Hong Kong and the rest were located in the PRC. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as individual's performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has reviewed the principal risks and uncertainties which may affect its businesses, financial condition, operations and prospects based on its risk management system and considered that the major risks and uncertainties that may affect the Group included (i) Hong Kong economic conditions which may directly affect the property market; (ii) availability of suitable land bank for future development; (iii) the continuous escalation of construction cost in Hong Kong in recent years; (iv) business cycle for property under development may be influenced by a number of factors and the Group's revenue will be directly affected by the mix of properties available for sale and delivery; (v) all construction works were outsourced to independent third parties and they may fail to provide satisfactory services adhering to the Group's quality and safety standards or within the timeline required by the Group; (vi) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (vii) credit risk and recoverability of provision of loans which may incur bad debts during downturn of economy; (viii) loss of management contracts for fresh markets which may arise in light of severe competition with existing market players and entry of new participants into the market; (ix) industrial policy risk and supply chain disruption due to material shortage or price inflation for pharmaceutical business; (x) internet risk; (xi) fluctuation in the exchange rate of Renminbi against Hong Kong dollars which may affect the repatriation of profit and/or additions of investment when converting currencies; (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets; and (xiii) the effect of closing down of or the availability and extent of rental subsidies on these agricultural produce exchange market due to the outbreak of COVID-19.

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

PROSPECTS

The real GDP of Hong Kong for April to June of 2022 decreased by 1.3% when compared with the same period of 2021, after contracting by 3.9% for January to March of 2022. Moreover, Hong Kong's latest unemployment rate dropped to 3.9% between July and September 2022, marking a 0.2% decreased from the previous three-month period. On the other hand, there is significant increase in interest rate in the United States, which inevitably affects the global money flow and asset prices. Under this macro environment, the Hong Kong One Month Interbank Rate was increased to 2.6% as at 30 September 2022, which was increased from 0.14% at the beginning of January 2022, while the annual inflation rate in Hong Kong rose to 4.5% in September 2022 from 1.2% in January 2022. The current economy situation is complicated with raising interest rate and inflation accelerating, while on the other hand a sign of recovery was observed, which might be attributable to the CVS, the relaxation of quarantine arrangement, the resumption of economic activities due to the increase in vaccination rate and epidemic situation was largely under control.

In respect of the property development segment in Hong Kong, the Government proposed different measures to facilitate property development and increase land supply in Hong Kong in the latest policy address, including lowering the compulsory sale thresholds. The Group is cautiously optimistic on the property market and will continue to monitor market changes closely whilst staying agile with regards to land banking strategy and seeking collaboration with strategic partners to strengthen our asset management as well as property development and property investment businesses.

In November 2021, the WOP Group partnered with APG Partner, one of the largest pension investors in the world with its base in Netherlands, to form the APG JV to engage in the acquisition for development and redevelopment of residential properties in Hong Kong for sales. Within a year's time, the APG JV successfully acquired six projects with estimated gross floor area of 466,300 square feet and estimated gross development value of HK$11.7 billion. The WOP Group is committed to including green elements into the project's planning and design and to overseeing environmental performance of contractors during the construction phase.

The WOP Group will maintain its disciplined yet nimble approach in portfolio optimisation, divesting businesses with potential unleased and re-investing in new businesses that offer high growth and potential. This strategy will broaden the WOP Group's recurring income portfolio while capturing capital appreciation opportunities.

The fresh market operations have been a cash flow generating and profitable business over the past decades. Nevertheless, the environment for fresh market operations will become more competitive as the number of fresh markets and operators has increased and also as a result of the gradual acceptance of online shopping and delivery services. The unprecedented scale of COVID-19 pandemic affects the fresh market operation as citizens tended to minimise outdoors activities. While the Government continues to roll out easing measures to the tenants, it has reduced some pressure for these tenants. During this Period, there was huge increase in interest rate, together with the continued reduction of economy activities due to COVID-19 and inflation which continue to harm consumption, the Group considers that the cost and risk of operating fresh markets have increased and the Group will adopt a cautious and prudent approach in operation.

The WYT Group will expand its market share by opening more retail outlets, either self-operated or by franchise, in the PRC, Hong Kong and Macau. The national policy for the development of 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 in anticipation of the first Chinese Medicine Hospital commencing service as of 2025. Also, the WYT Group enjoyed a satisfactory online sales growth in 2021–2022. The business development trend is on track, the WYT Group will strengthen new product development process and new sales platform particularly in the online platform.

Regarding Western pharmaceutical and health food products business, the WYT Group expects a positive growth resulted in the effective sale of "Madame Pearl's" cough syrup to the retail outlets, clinics and private hospitals in Hong Kong and through distributors to be sold to the PRC. Simultaneously, the WYT Group will diversify the business by grasping opportunity of launching more unique health supplements with curative effect, under the brand name of "Madame Pearl's", with a view to further fulfill the market needs. The WYT Group will also strengthen on cross-border e-commerce to reach consumers in the Guangdong-Hong Kong-Macau Greater Bay Area and Asia Pacific Region.

Looking ahead, the CAP Group will continue to build a nationwide agricultural produce exchange network by leveraging its leading position in the industry, readily replicable business model, well advanced management system and information technology infrastructure and quality customer service. Agricultural development is the PRC central government's first priority policy for the next consecutive years. In 2022, the Central Committee of Communist Party of China and the State Council of China released the document "No. 1 Central Document of 2022". The document vows to promote investments in agricultural produce markets, expand the agricultural produce network, build logistic infrastructure and storage facilities for agricultural products and improve regional cold storage infrastructure. The CAP Group will continue to capture new business opportunities by cooperating with partners to adopt an "asset light" strategy. Taking the advantage of its leading position in the market, the CAP Group is confident that it will deliver long-term benefits to the Group.

In summary, the overall healthy 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 to ensure its sustainable development. We will continue a proactive and prudent investment approach to drive business growth on all business segments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules throughout the Period.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2022. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung. Mr. Siu Kam Chau was elected as the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wangon.com). The 2022 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 25 November 2022

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