# 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 2023

### INTERIM FINANCIAL HIGHLIGHTS

| | **Six months ended 30 September** | | |
|---|---|---|---|
| | **2023** | 2022 | Change |
| | **(Unaudited)** | (Unaudited) | |
| | ***HK$ million*** | *HK$ million* | |
| Revenue | 1,136 | 2,050 | -44.6% |
| Gross profit | 435 | 532 | -18.2% |
| Profit/(loss) attributable to owners of the parent | 111 | (24) | +562.5% |
| Earnings/(loss) per share *(HK cent)* — Basic and diluted | 0.81 | (0.17) | +576.5% |
| | **As at 30 September 2023** | As at 31 March 2023 | |
| | **(Unaudited)** | (Audited) | |
| | ***HK$ million*** | *HK$ million* | |
| Net asset value | 9,250 | 9,379 | -1.4% |
| Net asset value per share *(HK$)* | 0.60 | 0.61 | -1.6% |
| Gearing ratio | 57.9% | 49.4% | +8.5pp |

* *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 2023 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 2023*

| | *Notes* | **Six months ended 30 September 2023 (Unaudited) *HK$'000*** | 2022 (Unaudited) *HK$'000* |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from contracts with customers | *4* | **917,433** | 1,815,993 |
| Interest income from treasury operation | *4* | **32,171** | 42,693 |
| Revenue from other sources | *4* | **186,515** | 191,793 |
| Total revenue | | **1,136,119** | 2,050,479 |
| Cost of sales | | **(701,427)** | (1,518,319) |
| Gross profit | | **434,692** | 532,160 |
| Other income and gains, net | *4* | **94,152** | 74,569 |
| Selling and distribution expenses | | **(197,343)** | (203,589) |
| Administrative expenses | | **(253,419)** | (270,459) |
| Impairment losses on financial assets, net | | **(12,266)** | (11,628) |
| Other expenses, net | *6* | **(54,250)** | (36,208) |
| Finance costs | *5* | **(173,426)** | (130,910) |
| Write-down of properties under development | | **—** | (5,620) |
| Write-down of properties held for sale | | **—** | (16,261) |
| Fair value losses on financial assets and liabilities at fair value through profit or loss, net | | **(10,606)** | (23,573) |
| Fair value gains on owned investment properties, net | | **1,921** | 18,599 |
| Share of profits of: | | | |
| Joint ventures | | **377,692** | 108,362 |
| Associates | | **1,263** | 722 |
| **PROFIT BEFORE TAX** | *6* | **208,410** | 36,164 |
| Income tax expense | *7* | **(18,696)** | (33,541) |
| **PROFIT FOR THE PERIOD** | | **189,714** | 2,623 |

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(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 | **(87,379)** | (103,372) |
| Reclassification adjustments for losses/(gains) included in profit or loss | | |
| — Impairment losses, net | **11,598** | 6,516 |
| — Losses/(gains) on disposal/redemption, net | **(12)** | 23,027 |
| | **(75,793)** | (73,829) |
| Exchange differences on translation of foreign operations | **(187,662)** | (370,300) |
| Other reserves: | | |
| Share of other comprehensive loss of joint ventures | **(6,088)** | (11,796) |
| | **(6,088)** | (11,796) |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | **(269,543)** | (455,925) |
| *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 | **8,301** | (7,012) |
| Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods | **8,301** | (7,012) |
| **OTHER COMPREHENSIVE LOSS FOR THE PERIOD** | **(261,242)** | (462,937) |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | **(71,528)** | (460,314) |

| | Note | Six months ended 30 September **2023** **(Unaudited)** ***HK$'000*** | 2022 (Unaudited) *HK$'000* |
|---|---|---|---|
| Profit/(loss) attributable to: | | | |
| Owners of the parent | | **110,968** | (23,613) |
| Non-controlling interests | | **78,746** | 26,236 |
| | | **189,714** | 2,623 |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | **(9,256)** | (225,794) |
| Non-controlling interests | | **(62,272)** | (234,520) |
| | | **(71,528)** | (460,314) |
| **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | *8* | | |
| Basic and diluted | | **HK0.81 cent** | HK(0.17) cent |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*30 September 2023*

| | *Notes* | **30 September 2023 (Unaudited)** ***HK$'000*** | 31 March 2023 (Audited) *HK$'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **1,121,267** | 1,195,656 |
| Investment properties | | **3,560,996** | 3,764,015 |
| Club memberships | | **32,780** | 31,800 |
| Properties under development | | **2,135,674** | 1,992,527 |
| Interests in joint ventures | | **4,084,869** | 3,638,403 |
| Interests in associates | | **24,739** | 23,476 |
| Financial assets at fair value through other comprehensive income | | **195,451** | 323,376 |
| Financial assets at fair value through profit or loss | | **208,802** | 201,934 |
| Loans and interest receivables | *10* | **28,993** | 21,597 |
| Prepayments, other receivables and other assets | | **228,050** | 195,681 |
| Deferred tax assets | | **21,774** | 26,102 |
| Intangible assets | | **6,006** | — |
| Total non-current assets | | **11,649,401** | 11,414,567 |
| **CURRENT ASSETS** | | | |
| Properties under development | | **3,021,297** | 2,436,349 |
| Properties held for sale | | **1,190,980** | 1,484,068 |
| Inventories | | **307,947** | 209,607 |
| Trade receivables | *11* | **96,230** | 93,022 |
| Loans and interest receivables | *10* | **308,861** | 290,862 |
| Prepayments, other receivables and other assets | | **493,499** | 515,273 |
| Cost of obtaining contracts | | **12,006** | 21,612 |
| Financial assets at fair value through other comprehensive income | | **67,108** | 51,805 |
| Financial assets at fair value through profit or loss | | **80,995** | 80,879 |
| Tax recoverable | | **7,970** | 8,781 |
| Pledged deposits | | **58,287** | 33,496 |
| Restricted bank balances | | **5,370** | 12,174 |
| Cash and bank balances | | **1,121,245** | 1,570,628 |
| | | **6,771,795** | 6,808,556 |
| Assets classified as held for sale and assets of a disposal company | | **42,800** | 163,947 |
| Total current assets | | **6,814,595** | 6,972,503 |

| | Note | **30 September 2023 (Unaudited)** *HK$'000* | 31 March 2023 (Audited) *HK$'000* |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade payables | *12* | **188,614** | 155,151 |
| Other payables and accruals | | **1,003,686** | 1,024,273 |
| Contract liabilities | | **171,887** | 219,225 |
| Interest-bearing bank and other borrowings | | **3,518,723** | 3,176,660 |
| Tax payable | | **111,190** | 110,215 |
| Unsecured notes | | **78,923** | — |
| | | **5,073,023** | 4,685,524 |
| Liabilities of a disposal company | | **—** | 1,203 |
| Total current liabilities | | **5,073,023** | 4,686,727 |
| **NET CURRENT ASSETS** | | **1,741,572** | 2,285,776 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **13,390,973** | 13,700,343 |
| **NON-CURRENT LIABILITIES** | | | |
| Unsecured notes | | **—** | 125,189 |
| Interest-bearing bank and other borrowings | | **2,938,699** | 2,944,719 |
| Other payables and accruals | | **637,292** | 639,182 |
| Financial liabilities at fair value through profit or loss | | **592** | — |
| Deferred tax liabilities | | **563,932** | 611,887 |
| Total non-current liabilities | | **4,140,515** | 4,320,977 |
| Net assets | | **9,250,458** | 9,379,366 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Issued capital | | **153,538** | 154,925 |
| Treasury shares | | **(92,605)** | (92,605) |
| Reserves | | **5,839,935** | 5,853,987 |
| | | **5,900,868** | 5,916,307 |
| **Non-controlling interests** | | **3,349,590** | 3,463,059 |
| Total equity | | **9,250,458** | 9,379,366 |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*30 September 2023*

### 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 2023 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 "**Listing Rules**").

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 2023.

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 consolidated financial statements for the year ended 31 March 2023, 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 new and revised HKFRSs as further explained 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 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

**New and revised HKFRSs**

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

| | |
|---|---|
| HKFRS 17 | *Insurance Contracts* |
| Amendments to HKFRS 17 | *Insurance Contracts* |
| Amendment to HKFRS 17 | *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | *Disclosure of Accounting Policies* |
| Amendments to HKAS 8 | *Definition of Accounting Estimates* |
| Amendments to HKAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |
| Amendments to HKAS 12 | *International Tax Reform – Pillar Two Model Rules* |

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 April 2023. The amendments did not have any impact on the Group's unaudited interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 April 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have significant impact on the net positions of deferred tax assets and deferred tax liabilities, and on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 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 managing assets on behalf of the Group's capital partners via investment vehicles.

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, 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 from the Group's financial assets and liabilities at fair value through profit or loss, head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **(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* |
| **Segment revenue** *(note 4)*: | | | | | | | | | | | | | | |
| Sales to external customers | **375,110** | 1,358,229 | **2,955** | 5,406 | **332,707** | 331,272 | **365,388** | 298,653 | **59,959** | 56,919 | **–** | – | **1,136,119** | 2,050,479 |
| Intersegment sales | **–** | – | **7,729** | 7,282 | **–** | – | **1,209** | 382 | **–** | – | **(8,938)** | (7,664) | **–** | – |
| Other income | **14,026** | 17,487 | **36,304** | 16,708 | **30,765** | 23,114 | **2,543** | 1,621 | **110** | 82 | **–** | – | **83,748** | 59,012 |
| Total | **389,136** | 1,375,716 | **46,988** | 29,396 | **363,472** | 354,386 | **369,140** | 300,656 | **60,069** | 57,001 | **(8,938)** | (7,664) | **1,219,867** | 2,109,491 |
| **Segment results** | **10,105** | 129,995 | **365,476** | 80,521 | **57,721** | 100,257 | **29,692** | (14,269) | **(18,242)** | (32,315) | | | **444,752** | 264,189 |
| *Reconciliation:* | | | | | | | | | | | | | | |
| Bank interest income | | | | | | | | | | | | | **9,217** | 3,162 |
| Finance costs | | | | | | | | | | | | | **(173,426)** | (130,910) |
| Fair value losses on financial assets and liabilities at fair value through profit or loss, net | | | | | | | | | | | | | **(10,606)** | (23,573) |
| Corporate and unallocated income and expenses, net | | | | | | | | | | | | | **(61,527)** | (76,704) |
| Profit before tax | | | | | | | | | | | | | **208,410** | 36,164 |
| Income tax expense | | | | | | | | | | | | | **(18,696)** | (33,541) |
| Profit for the period | | | | | | | | | | | | | **189,714** | 2,623 |

## 4. REVENUE, OTHER INCOME AND GAINS, NET

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

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| *Revenue from contracts with customers* | | |
| Sale of properties | **375,110** | 1,358,229 |
| Sale of goods | **426,250** | 349,762 |
| Commission income from agricultural produce exchange markets | **45,136** | 51,505 |
| Agricultural produce exchange markets ancillary services | **44,752** | 47,390 |
| Provision of asset management services | **26,185** | 9,107 |
| | **917,433** | 1,815,993 |
| *Interest income* | | |
| Interest income from treasury operation | **32,171** | 42,693 |
| *Revenue from other sources* | | |
| Sub-licensing fee income | **93,537** | 85,961 |
| Gross rental income from investment properties operating leases | **91,375** | 100,713 |
| Dividend income from financial assets | **2,250** | 6,107 |
| Loss on disposal of financial assets at fair value through profit or loss | **(647)** | (988) |
| | **186,515** | 191,793 |
| | **1,136,119** | 2,050,479 |

**Disaggregated revenue information for revenue from contracts with customers**

**For the six months ended 30 September 2023**

| *Segments* | Property development (Unaudited) *HK$'000* | Pharmaceutical (Unaudited) *HK$'000* | Fresh Markets (Unaudited) *HK$'000* | Treasury Management (Unaudited) *HK$'000* | Total (Unaudited) *HK$'000* |
|---|---|---|---|---|---|
| **Types of goods or services** | | | | | |
| — Sales of properties | 375,110 | — | — | — | 375,110 |
| — Sales of goods | — | 365,388 | 60,862 | — | 426,250 |
| — Commission income from agricultural produce exchange markets | — | — | 45,136 | — | 45,136 |
| — Agricultural produce exchange markets ancillary services | — | — | 44,752 | — | 44,752 |
| — Provision of asset management services | — | — | — | 26,185 | 26,185 |
| Total revenue from contracts with customers | 375,110 | 365,388 | 150,750* | 26,185 | 917,433 |
| **Timing of revenue recognition** | | | | | |
| Goods/services transferred at a point in time | 375,110 | 358,487 | 105,998 | 20,000 | 859,595 |
| Services transferred over time | — | 6,901 | 44,752 | 6,185 | 57,838 |
| | 375,110 | 365,388 | 150,750* | 26,185 | 917,433 |

For the six months ended 30 September 2022

| ***Segments*** | Property development (Unaudited) *HK$'000* | Pharmaceutical (Unaudited) *HK$'000* | Fresh Markets (Unaudited) *HK$'000* | Treasury Management (Unaudited) *HK$'000* | Total (Unaudited) *HK$'000* |
|---|---|---|---|---|---|
| **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 |
| — Provision of asset management services | — | — | — | 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 |

* Sub-licensing fee income and gross rental income from investment property operating leases of HK$93,537,000 (six months ended 30 September 2022: HK$85,961,000) and HK$88,420,000 (six months ended 30 September 2022: HK$95,307,000), respectively that were attributable to the fresh markets segment of the Group were not included in the above disclosure.

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

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Other income** | | |
| Bank interest income | **9,217** | 3,162 |
| Management fee income | **6,158** | 6,419 |
| Forfeiture of deposits from customers | **4,992** | 4,655 |
| Government subsidies* | **1,180** | 4,739 |
| Others | **49,950** | 39,906 |
| | **71,497** | 58,881 |
| **Gains, net** | | |
| Gain on disposal of subsidiaries | **—** | 14,551 |
| Gain on early redemption of unsecured notes | **7,903** | 774 |
| Gain on modification/termination of lease contracts | **1,410** | — |
| Gain on disposal of investment properties | **—** | 363 |
| Gain on disposal of items of property, plant and equipment | **13,330** | — |
| Gain on disposal/redemption of financial assets at fair value through other comprehensive income, net | **12** | — |
| | **22,655** | 15,688 |
| Other income and gains, net | **94,152** | 74,569 |

* Government subsidies during the six months ended 30 September 2023 represented The People's Republic of China (the "**PRC**") government subsidies of HK$1,180,000 (six months ended 30 September 2022: HK$4,739,000) granted to the Group by the local governmental authority in Mainland China for the business support on its operations in agricultural produce exchange markets in Mainland China.

The Group has complied with all attached conditions before the six months ended 30 September 2023 and 2022 and recognised these grants in profit or loss as "Other income and gains, net" in the respective accounting period.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans and other borrowings | **204,245** | 123,260 |
| Interest on lease liabilities | **25,153** | 21,983 |
| Interest on unsecured notes | **5,552** | 12,153 |
| | **234,950** | 157,396 |
| Less: interest capitalised | **(61,524)** | (26,486) |
| | **173,426** | 130,910 |

## 6. PROFIT BEFORE TAX

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

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Cost of services provided** | **100,067** | 101,823 |
| Cost of properties sold** | **302,892** | 1,158,784 |
| Cost of inventories recognised as an expense** (including allowance for obsolete inventories of HK$1,293,000 (six months ended 30 September 2022: HK$372,000)) | **218,026** | 197,641 |
| Depreciation of owned assets | **28,859** | 30,779 |
| Depreciation of right-of-use assets | **40,343** | 40,234 |
| Loss/(gain) on disposals of property, plant and equipment, net | **(13,330)***** | 320* |
| Loss/(gain) on disposal of a subsidiary | **2,665*** | (14,551)*** |
| Fair value losses on sub-leased investment properties** | **80,214** | 59,979 |
| Impairment losses on items of property, plant and equipment, net* | **48,809** | 8,474 |
| Loss/(gain) on disposal/redemption of financial assets at fair value through other comprehensive income, net | **(12)***** | 23,027* |
| Impairment losses on financial assets, net: | | |
| Debt investments at fair value through other comprehensive income, net | **11,598** | 6,516 |
| Trade and other receivables, net | **570** | 3,176 |
| Loans and interest receivables, net | **98** | 1,936 |
| | **12,266** | 11,628 |
| Foreign exchange difference, net* | **2,776** | 4,387 |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties** | **228** | 92 |

* 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.

*** The gains are included in "Other income and gains" 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. These subsidies were recognised in "Administrative expenses" and offset with the employee benefit expenses for the six months ended 30 September 2022.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 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. The provision for PRC land appreciation tax ("**LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

| | **Six months ended 30 September** | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Current – Hong Kong | **7,912** | 9,820 |
| Current – Other jurisdiction | | |
| Charge for the period | **9,551** | 19,403 |
| LAT | **9,436** | 4,846 |
| Deferred | **(8,203)** | (528) |
| Total tax charge for the period | **18,696** | 33,541 |

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

The calculation of the basic earnings/(loss) per share amount for the period 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 during the period less treasury shares held by the Group during the period.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the six months ended 30 September 2023 and 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 earnings/(loss) per share amount presented.

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

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| **Earnings/(loss)** | | |
| Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation | **110,968** | (23,613) |

| | Number of shares | |
|---|---|---|
| | Six months ended 30 September | |
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***'000*** | *'000* |
| **Shares** | | |
| Weighted average number of ordinary shares in issue | **15,355,711** | 15,977,520 |
| 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 | **13,638,962** | 14,260,771 |

## 9. DIVIDENDS

| | Six months ended 30 September | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| 2023 final – HK0.04 cent (2022: Nil) per ordinary share | **6,142** | — |
| Less: final dividend related to treasury shares attributable to the owners of the parent | **(476)** | — |
| Less: final dividend related to treasury shares attributable to the non-controlling shareholders | **(212)** | — |
| | **5,454** | — |

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

## 10. LOANS AND INTEREST RECEIVABLES

| | Notes | 30 September 2023 (Unaudited) HK$'000 | 31 March 2023 (Audited) HK$'000 |
|---|---|---|---|
| Loans and interest receivables, secured | *(i)* | **325,260** | 309,108 |
| Loans and interest receivables, unsecured | *(ii)* | **85,747** | 79,074 |
| | | **411,007** | 388,182 |
| Less: impairment allowance | *(iii)* | **(73,153)** | (75,723) |
| | | **337,854** | 312,459 |
| Less: loans and interest receivables classified as non-current assets | | **(28,993)** | (21,597) |
| Current portion | | **308,861** | 290,862 |

*Notes:*

(i) These loans receivable are stated at amortised cost at effective interest rates ranging from 5% to 27% (31 March 2023: 5% to 36%) per annum. The credit terms of these loans receivable range from 1 month to 10 years (31 March 2023: 2 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 2023: 1% to 36%) per annum. The credit terms of these loans receivable range from 1 month to 72 months (31 March 2023: 3 months to 72 months). The carrying amounts of these loans receivable approximate to their fair values.

(iii) As at 30 September 2023, loans and interest receivables of HK$220,598,000 (31 March 2023: HK$209,523,000) were within its credit period and all these balances were categorised within Stage 1 for the measurement of expected credit losses ("**ECL**").

As at 30 September 2023, loans and interest receivables of HK$52,319,000 (31 March 2023: HK$35,030,000) and HK$138,090,000 (31 March 2023: HK$143,629,000) were overdue and these balances were categorised under Stage 2 and Stage 3 for the assessment of ECL, respectively.

## 11. TRADE RECEIVABLES

| | **30 September 2023 (Unaudited)** | 31 March 2023 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **120,072** | 117,166 |
| Less: accumulated impairment | **(23,842)** | (24,144) |
| | **96,230** | 93,022 |

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.

Included in the Group's trade receivables are amounts due from the Group's associates of HK$6,065,000 (31 March 2023: HK$5,908,000) which are repayable on credit terms similar to those offered to the major customers of the Group.

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

| | **30 September 2023 (Unaudited)** | 31 March 2023 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **57,285** | 48,599 |
| 1 to 3 months | **17,295** | 24,898 |
| Over 3 months but within 6 months | **17,216** | 12,864 |
| Over 6 months | **4,434** | 6,661 |
| | **96,230** | 93,022 |

## 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 2023** | 31 March 2023 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **126,014** | 104,921 |
| 1 to 3 months | **17,374** | 11,236 |
| Over 3 months but within 6 months | **2,976** | 1,117 |
| Over 6 months | **42,250** | 37,877 |
| | **188,614** | 155,151 |

The trade payables are non-interest-bearing and have an average term of 30 to 360 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

## 13. COMPARATIVE AMOUNTS

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 2023 (for the six months ended 30 September 2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL RESULTS

### Financial Results

For the six months ended 30 September 2023 ("**this Financial Period**" or the "**Period**"), the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$ 1,136.1 million (for the six months ended 30 September 2022: approximately HK$2,050.5 million) and approximately HK$111.0 million (for the six months ended 30 September 2022: loss of approximately HK$23.6 million), respectively.

## BUSINESS REVIEW

The Group's revenue for the Period decreased by approximately 44.6% to approximately HK$1,136.1 million (for the six months ended 30 September 2022: approximately HK$2,050.5 million). Decrease in revenue was mainly due to the decrease in sales contributed from the delivery of the Group's property development projects in which the Group has a controlling stake in the Period.

Profit attributable to owners of the parent for the Period was approximately HK$111.0 million as compared to the loss attributable to owners of the parent for the six months ended 30 September 2022 of approximately HK$23.6 million. This was primarily attributable to, among other things, (i) increase in share of result of joint ventures, and (ii) increase in sales and gross profit generated from the production and sale of pharmaceutical and health food products, as partially offset by (a) decrease in gross profit resulting from decrease in delivery of property projects and (b) increase in finance costs arising from interest rates increment during the Period as compared to those for the corresponding period in 2022.

The Group recorded gross profit and gross profit margin of approximately HK$434.7 million and 38.3% respectively for the Period (for the six months ended 30 September 2022: approximately HK$532.2 million and 26.0% respectively). The decline in gross profit was mainly due to decrease in delivery of property projects during the Period.

Other income and gains, net amounted to approximately HK$94.2 million (for the six months ended 30 September 2022: approximately HK$74.6 million). The increase was mainly due to gain on disposal of items of property, plant and equipment.

The Group recorded administrative expenses of approximately HK$253.4 million in the Period (for the six months ended 30 September 2022: approximately HK$270.5 million). Selling and distribution expenses were approximately HK$197.3 million in the Period (for the six months ended 30 September 2022: approximately HK$203.6 million). Impairment losses on financial assets, net amounted to approximately HK$12.3 million for the Period (for the six months ended 30 September 2022: approximately HK$11.6 million). These expenses remained stable and in control as compared to the corresponding period in 2022.

Finance costs were approximately HK$173.4 million in the Period (for the six months ended 30 September 2022: approximately HK$130.9 million), such increase was mainly due to the rising interest rates.

Other expenses amounted to approximately HK$54.3 million for the Period (for the six months ended 30 September 2022: approximately HK$36.2 million). The increase was mainly attributable to the increase in impairment losses on property, plant and equipment.

For the Period, fair value losses on financial assets and liabilities at fair value through profit or loss, net was approximately HK$10.6 million (for the six months ended 30 September 2022: approximately HK$23.6 million). The decrease was primarily because of the decrease in fair value losses on financial assets (mainly funds investment) at fair value through profit or loss.

For the Period, fair value gains on owned investment properties, net amounted to approximately HK$1.9 million (for the six months ended 30 September 2022: approximately HK$18.6 million). The decrease were mainly due to the decrease in net fair value gains on various investment properties located in Mainland China.

During the Period, no write-down of properties under development was charged to profit or loss (for the six months ended 30 September 2022: approximately HK$5.6 million). The write-down in the corresponding period in 2022 was related to a property under development located in Hong Kong.

During the Period, no write-down of properties held for sale was charged to profit or loss (for the six months ended 30 September 2022: approximately HK$16.3 million). The write-down in the corresponding period in 2022 was related to a commercial property held for sale in Hong Kong and two agricultural produce exchange markets in Mainland China.

The share of profits of joint ventures for the Period amounted to approximately HK$377.7 million (for the six months ended 30 September 2022: approximately HK$108.4 million). The increment was mainly due to the increase in profits contributed by the commercial portfolio.

Income tax of the Group comprised of Hong Kong profit tax, PRC enterprise income tax and PRC land appreciation tax. During the Period, there was an income tax expense of approximately HK$18.7 million as compared with an income tax expense amounted to approximately HK$33.5 million for the six months ended 30 September 2022. Such decrease was mainly due to the increase in deferred tax credit and reduction on PRC tax expenses for the Period, as compared to those for the corresponding period in 2022.

As of 30 September 2023, the Group's net assets were approximately HK$9,250.5 million (31 March 2023: approximately HK$9,379.4 million). Its cash resources amounted to approximately HK$1,333.0 million (31 March 2023: approximately HK$1,749.0 million) including cash and bank balances of approximately HK$1,184.9 million (31 March 2023: approximately HK$1,616.3 million) and short-term investments of approximately HK$148.1 million (31 March 2023: approximately HK$132.7 million). In aggregate, the total borrowings as of 30 September 2023 was approximately HK$6,536.3 million (31 March 2023: approximately HK$6,246.6 million) giving the Group a net debt position (total borrowings less cash and bank balances) of approximately HK$5,351.4 million (31 March 2023: net debt position of approximately HK$4,630.3 million).

The Group regularly reviews its financial position and maintains a healthy cash balance to support the business development growth. The review of the individual business segments of the Group is set out below.

**Property Development**

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

During the Period, the property development segment recorded revenue (sales to external customers) and segment profit of approximately HK$375.1 million and approximately HK$10.1 million, respectively (for the six months ended 30 September 2022: approximately HK$1,358.2 million and approximately HK$130.0 million, respectively). Revenue contributed by the WOP Group from property development sector amounted to approximately HK$258.4 million mainly due to the sales recognition of "The Met. Azure" and "LADDER Dundas" during the Period (for the six months ended 30 September 2022: approximately HK$1,250.0 million).

During the six months ended 30 September 2023, the Group's property development business in the PRC (through the CAP Group) recorded revenue of approximately HK$116.7 million (for the six months ended 30 September 2022: approximately HK$108.2 million). The slight increase in revenue contributed from the CAP Group is mainly due to the delivery of more property sales during the Period when compared with the corresponding period in 2022.

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** |
|---|---|---|---|---|
| Pokfulam Project | 28,500 | 28,500 | Residential | 2023 |
| Tai Kok Tsui Project | 6,800 | 61,500 | Residential and Commercial | 2024 |
| Ap Lei Chau Project I | 7,200 | 74,200 | Residential and Commercial | 2025 |
| Ap Lei Chau Project II | 4,100 | 38,500 | Residential and Commercial | 2025 |
| Wong Tai Sin Project I | 9,600 | 81,300 | Residential and Commercial | 2025 |
| Wong Tai Sin Project II | 10,400 | 93,700 | Residential and Commercial | 2025 |
| Ngau Tau Kok Project | 5,200 | 46,300 | Residential and Commercial | 2025 |
| Fortress Hill Project | 12,400 | 131,600 | Residential and Commercial | 2026 |
| Quarry Bay Project | 4,200 | 39,100 | Residential and Commercial | 2026 |
| Ap Lei Chau Project III | 6,600 | 68,800 | Residential and Commercial | 2027 |
| Yau Tong Project | 41,700 | 269,000 | Residential and Commercial | 2028 |

The WOP Group is actively exploring various channels to increase its land banks. This includes participating in public tenders and acquiring old buildings. The WOP Group aims to establish a strong foundation and ensure a stable supply of land resources for future development projects.

**Fresh Markets and Agricultural Produce Exchange Markets**

The fresh market and agricultural produce exchange market business segment recorded a slight increase in revenue (sales to external customers) by approximately 0.4% to approximately HK$332.7 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: approximately HK$331.3 million), of which revenue of approximately HK$193.8 million was contributed from the operation of agricultural produce exchange markets of the CAP Group in the PRC; approximately HK$138.9 million was contributed from the fresh market operations in Hong Kong, including approximately HK$60.9 million from revenue streams brought by butchery, vegetable and other retail operations in Hong Kong.

The Group has developed a significant presence in the fresh market and agricultural produce exchange market business over the past two decades. During the Period, the Group has managed a substantial portfolio of approximately 600 stalls under the "Allmart" brand and "Day Day Fresh" brands in Hong Kong. These fresh markets have a total gross floor area exceeding 150,000 square feet. The Group's focus is on meeting the growing expectations of its customers by providing a comfortable and spacious shopping environment through incorporating well-designed layouts, undertaking improvement works, and offering high-quality management services. By constantly enhancing the shopping experience, the Group aims to strengthen its partnership with tenants and local communities.

In August 2023, the Group received from Link Properties Limited, the landlord of the fresh market located at the ground floor of the Chung On Shopping Centre, Chung On Estate, Sai Sha Road, Sha Tin, New Territories, Hong Kong, of their agreement to renew the lease for the market for a term of six years up to 31 January 2029 (inclusive). Please refer to the Company's announcement dated 22 August 2023 for details.

For the Period, the butchery business generated revenue of approximately HK$35.1 million (for the six months ended 30 September 2022: approximately HK$35.0 million). The revenues were kept stable. The Group believes that the demand for pork in local diets, combined with the Group's well established fresh market network, can still allow a relatively low-risk development for this business. As at 30 September 2023, 18 butchery stores were in operation.

The Group, through the CAP Group, operates 11 agricultural produce exchange markets across five provinces in the PRC, which are located in Hubei province, Henan province, Guangxi Zhuang Autonomous Region, Jiangsu province, and Liaoning province. The acquisition of these agricultural produce exchange markets has significantly expanded the Group's presence in the fresh market and agricultural produce exchange markets segment in the PRC. The CAP Group has established a strong presence in this industry in the PRC, which provides a solid foundation for the future development and expansion of the Group's agricultural produce exchange market business in the PRC, and enables the Group to sustain its growth, leverage economies of scale, as well as capitalise on the opportunities presented by a wide-ranging customer base.

**Property Investment**

As at 30 September 2023, 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$3,561.0 million (31 March 2023: approximately HK$3,764.0 million).

During the Period, the Group received gross rental income (sales to external customers) of approximately HK$3.0 million (for the six months ended 30 September 2022: approximately HK$5.4 million).

The WOP Group owns 64% equity interest in a joint venture group (the "**Parkville JV**"), in partnership with three independent third parties. The Parkville JV acquired properties in Tuen Mun with a total gross floor area of 13,858 square feet (the "**Parkville Property**"). As at the date of this announcement, the Parkville Property is fully let, and 3 out of 15 shops were sold.

The WOP Group has partnered with an independent third party to own 50% equity interest of a joint venture (the "**Jumbo JV**"). The Jumbo JV has acquired eight storeys of carpark podium of Jumbo Court in Aberdeen, which provides a total of 509 car parking space (the "**Jumbo Property**"). It is expected that the Jumbo Property will be able to meet the high demand for parking spaces once the comprehensive development around the Wong Chuk Hang MTR Station is completed in phases. As at the date of this announcement, the Jumbo Property is fully let.

The WOP Group has also partnered with Kohlberg Kravis Roberts & Co. L.P. ("**KKR**") to own two commercial accommodations, known as "Lake Silver" at Ma On Shan and "The Parkside" at Tseung Kwan O. The WOP Group has 50% equity interest in each project. The WOP Group has refurbished both properties, improved the tenant mix and boosted the rental yield. As at the date of this announcement, Lake Silver is fully let, while The Parkside has an occupancy rate over 97%.

As at 30 September 2023, the WYT Group owned 11 properties in Hong Kong which are all retail properties or industrial building (whereas the WYT Group has entered into two sale and purchase agreements with the WOP Group with respect to the acquisition of two properties from the WOP Group which transactions were pending completion as of 30 September 2023). A majority of these properties were used as the retail shops under self-operating and franchise modes.

During the Period, the WYT Group completed the disposal of a company holding interest in property situated at the 11th Floor of Well Town Industrial Building (together with the related roof portion and a carparking space), No. 13 Ko Fai Road, Kowloon, Hong Kong to an independent third party at a consideration of HK$71.0 million (Please refer to the joint announcements of the Company and WYT dated 6 February 2023 and 19 June 2023) and the sale of a property situated at Shop B on G/F and Portion of the Yard, Nos 66, 68. 70 & 72 Tai Wai Road, Shatin, New Territories, Hong Kong to an independent third party at a consideration of HK$66.8 million (Please refer to the joint announcement of the Company and WYT dated 21 March 2023).

As at 30 September 2023, the Group still held 8 secondhand residential properties with valuation of approximately HK$42.8 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 retailing of pharmaceutical and health food products. During the Period, there was an encouraging improvement on the Group's pharmaceutical and health food products segment with revenue (sales to external customers) totaling approximately HK$365.4 million (for the six months ended 30 September 2022: approximately HK$298.7 million), representing an increase of approximately 22.3%.

**Chinese Pharmaceutical and Health Food Products**

Revenue of the Chinese pharmaceutical and health food products segment significantly increased by approximately 23.8% to approximately HK$329.0 million (for the six months ended 30 September 2022: approximately HK$265.7 million).

"Preparing medicine with dedication, Growing strong with reputation." The WYT Group remains committed to provide top-quality Traditional Chinese Medicine ("**TCM**") products and services. Because of the increasing demand for Chinese medicine practitioners' consultation and enhancement of services, a centralised decoction center has been set up in August 2023 to deliver decocted TCM directly to the customers' home within 24 hours. This is to ensure convenient access to quality healthcare. Furthermore, the business expansion includes the opening of new retail outlets in popular tourist areas, as well as the presence on various e-commerce platforms and partnerships with Health & Beauty drug chains.

As Hong Kong anticipates the arrival of seasonal influenza A and the ongoing presence of Covid-19, several new products have been introduced to cater to these challenges. One such product is Cordyceps Plus, designed to support the respiratory system and suitable for treating long Covid symptoms. Recognising the growing population of older adults, the WYT Group has also launched a series of joint and bone products. In an exciting collaboration, the WYT Group has partnered with The Hong Kong Polytechnic University in 2023 for combining the expertise of science and traditional Chinese herbs, as well as a commitment to innovation and leveraging scientific knowledge to enhance traditional Chinese medicine. The discovery of Cordyceps Cs4 Nano-Selenium has its potential to promote the formation of osteoblasts and bone matrix, to strengthen bone density.

The WYT Group's success is further highlighted by achieving the recognition of being "The Chinese supplement brand most used in the past 12 months"[Δ] in Hong Kong. This acknowledgment underscores the trust and preference of consumers in Hong Kong for Wai Yuen Tong's products.

These achievements position Wai Yuen Tong as a leading player in the market, with a strong reputation for delivering reliable and sought-after Chinese pharmaceutical and health food products.

Δ *Source: IPSOS Healthcare Traditional Chinese Medicine Health Supplement Brand Study 2023*

**Western Pharmaceutical and Health Food Products**

Revenue of the western pharmaceutical and health food products has increased by approximately 10.3% to approximately HK$36.4 million (for the six months ended 30 September 2022: approximately HK$33.0 million) and such increase is attributable to the WYT Group's solid foundation to strive for growth despite the turbulent environment for the Period.

The WYT Group is making continuous efforts in realising business opportunities in the market. "Madame Pearl's", the flagship brand, achieved the Hong Kong cough syrup sales champion for 13 consecutive years, supported by the valuable sales and marketing strategies and activities. The WYT Group has persistently and successfully built up the effective Hong Kong trade channels on distributing "Luxembourg" branded products.

"Pearl's", another key brand of the WYT Group, has established leadership in mosquito repellent product category in Hong Kong market. The revenue of "Pearl's" mosquito product range reached a satisfactory growth during the Period.

In addition, to comply with PRC's relevant regulations, the WYT Group has cooperated with various local distributors to accelerate the channel penetration of the "Madame Pearl's" and "Pearl's" brands into the PRC.

In the pandemic period, the shift of consumer purchasing behavior from offline to online has sped up. As such, the WYT Group has been actively deploying resources to develop its e-commerce business channels. This has included the distribution of "Madame Pearl's" and "Pearl's" products through its own online platform as well as selected third-party e-commerce platforms such as HKTVmall and Ztore. In addition, the WYT Group is developing its cross-border e-commerce business.

**Treasury Management**

The Group maintains a healthy financial position. Liquid investments and cash and bank balances amounted to approximately HK$1,737.3 million as at 30 September 2023, represented a decrease of approximately 23.6% from the balance of approximately HK$2,274.3 million as at 31 March 2023. The liquid investments and cash and bank balances represented approximately 13.0% of the debt securities, approximately 5.2% of equity securities, approximately 13.6% of funds and other investments, and approximately 68.2% of cash and bank balances.

**Money Lending Business**

The Group engages in treasury management business, which includes providing loans to third-party customers. These loans are secured by various types of collateral, such as first-mortgage residential properties, commercial properties, and industrial properties and etc., all located in Hong Kong.

The Group takes a cautious and prudent approach in assessing loan applications, particularly considering the uncertain economic outlook. To evaluate and approve loans, the Group has a credit committee in place. This committee is responsible for assessing loan applications within predetermined credit limits.

To mitigate credit risks associated with lending operations, the Group has established credit control policies. These policies govern the loan review and approval processes. The main focus of these policies is to verify the borrowers' identity, repayment ability, and the quality of the assets that are used as collateral. By implementing these policies and conducting thorough assessments, the Group aims to effectively manage credit risks. This approach helps ensure the long-term stability and sustainability of its money lending business.

During the Period, the Group's money lending business contributed revenue of approximately HK$16.3 million (for the six months ended 30 September 2022: approximately HK$23.5 million), down by approximately 30.6%. The Group's loan portfolio includes both individual and corporate customers. As at 30 September 2023, loans obtained by individual customers accounted for approximately 35.7% (31 March 2023: approximately 38.6%) while loans obtained by corporate customers accounted for approximately 64.3% (31 March 2023: approximately 61.4%). As at 30 September 2023, the Group had 42 (31 March 2023: 44) active loan accounts, gross loan balances of which were approximately HK$290.0 million (31 March 2023: approximately HK$277.8 million). Secured loans accounted for approximately 82.8% (31 March 2023: approximately 81.8%) while unsecured loans accounted for approximately 17.2% (31 March 2023: approximately 18.2%). All secured loans are secured by properties located in Hong Kong. As at 30 September 2023, in terms of the loan balances, the top 5 customers of the money lending business accounted for approximately 53.6% (31 March 2023: approximately 48.8%) of the portfolio. The tenors of the loans ranged from 1 month to 120 months (31 March 2023: 2 months to 120 months).

The weighted-average interest rates of secured loans were approximately 13.2% (31 March 2023: approximately 12.8%) per annum and that for unsecured loans were approximately 13.9% (31 March 2023: approximately 13.3%) per annum. As at 30 September 2023, the loan-to-value ratio of the secured loans was approximately 66.2% (31 March 2023: approximately 66.7%) which management considered to be a safe level. Impairment losses during the Period amounted to approximately HK$0.1 million (for the six months ended 30 September 2022: approximately HK$1.1 million). The Group has established policies of loan impairment, which is mainly based on past due information and/or other available information. The decrease in revenue contributed by the loan portfolio was a result of the generic drop in demand in the market amid the uncertain economic outlook, while the Group adopted a more cautious approach in accepting potential loan applications during the risky environment.

Despite the uncertainties in global economy environment, the Group has been able to derive steady income from the money lending business. The Group recognises the importance of continuous monitoring and review of its clients' circumstances in order to maintain a healthy and stable platform within its treasury management segment.

**Asset Management**

The Group provides asset management services through the WOP Group, which has entered into joint ventures with various strategic partners in both residential developments and commercial investments. As the asset manager of the invested assets, the WOP Group earns various 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.

During the Period, the WOP Group recorded fee income of approximately HK$26.2 million (for the six months ended 30 September 2022: approximately HK$9.1 million). The increase was mainly attributable to the addition of new managed assets.

The WOP Group has a joint venture with Angelo, Gordon & Co., L.P. ("**AG**") for the acquisition and operation of the property located at No.19 Luk Hop Street, Kowloon, Hong Kong, including the hotel building currently erected thereon and formerly known as "Pentahotel Hong Kong, Kowloon". As at the date of this announcement, the property is undergoing renovation and is expected to offer 720 rooms to the market, and it is expected to reopen in the first quarter of 2024.

The WOP Group manages two commercial accommodation investments, namely "Lake Silver" and "The Parkside", in which the WOP Group co-invested with KKR in 2019. Additionally, the WOP Group serves as the asset manager for 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 partnered with the APG Strategic Real Estate Pool for acquisition of residential properties in Hong Kong for development and re-development for sales. As the asset manager, the WOP Group involves in the site evaluation, acquisition, construction management and sales.

Certainly, leveraging the WOP Group's expertise in asset management presents opportunities to secure asset management income and explore strategic expansion for additional recurring income.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the equity attributable to owners of the parent decreased by approximately 0.3% to approximately HK$5,900.9 million (31 March 2023: approximately HK$5,916.3 million). The Group's total equity, including the non-controlling interests, decreased to approximately HK$9,250.5 million (31 March 2023: approximately HK$9,379.4 million) as at 30 September 2023.

As at 30 September 2023, the Group's total assets were approximately HK$18,464.0 million (31 March 2023: approximately HK$18,387.1 million). Total cash and bank balances held amounted to approximately HK$1,184.9 million (31 March 2023: approximately HK$1,616.3 million) as at 30 September 2023. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK$552.4 million (31 March 2023: approximately HK$658.0 million) as at 30 September 2023, which was immediately available for use when in need.

As at 30 September 2023, the Group's total debt amounted to approximately HK$6,536.3 million (31 March 2023: approximately HK$6,246.6 million). The Group's net debt to equity ratio (or the net gearing ratio) was approximately 57.9% (31 March 2023: approximately 49.4%) as at 30 September 2023.

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 2023, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and pledged deposit with carrying value of approximately HK$506.8 million, approximately HK$1,968.7 million, approximately HK$4,945.9 million, approximately HK$352.9 million, Nil, Nil and approximately HK$58.3 million respectively (31 March 2023: approximately HK$539.8 million, approximately HK$2,218.0 million, approximately HK$4,187.6 million, approximately HK$601.4 million, approximately HK$126.9 million, approximately HK$12.1 million and approximately HK$33.5 million respectively) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2023 amounted to approximately HK$1,407.6 million (31 March 2023: approximately HK$1,409.3 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$186.5 million (31 March 2023: approximately HK$110.9 million). The Group has given guarantee to banks in connection with facilities granted to a joint venture up to approximately HK$700.8 million (31 March 2023: approximately HK$450.8 million) which were utilised to the extent of approximately HK$426.5 million as at 30 September 2023 (31 March 2023: approximately HK$250.3 million).

As at 30 September 2023, the Group provided guarantees of approximately HK$27.2 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 2023: approximately HK$36.1 million), representing the contingent liabilities of approximately HK$176,000 (31 March 2023: approximately HK$328,000) in relation to such guarantees. 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 2023.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach to financial management. By closely monitoring its financial resources, the Group ensures efficient and effective operations while retaining flexibility to respond to opportunities and uncertainties. Management of the Group is of the opinion that the existing financial structure is healthy and the related resources are sufficient to meet the Group's operation needs in the foreseeable future. Operating a central cash management system can help optimise cash flow and minimise idle cash, while prudent investments in liquid investment can generate reasonable returns and maintain liquidity.

As at 30 September 2023, interest-bearing debt profile of the Group was analysed as follows:

| | **30 September 2023** *HK$'000* | 31 March 2023 *HK$'000* |
|---|---|---|
| **Bank loans repayable** | | |
| Within one year or on demand | **2,991,238** | 2,964,731 |
| In the second year | **1,576,253** | 2,251,228 |
| In the third to fifth year, inclusive | **1,298,246** | 672,976 |
| Beyond five years | **64,200** | 20,515 |
| | **5,929,937** | 5,909,450 |
| **Other loans repayable** | | |
| Within one year or on demand | **527,485** | 211,929 |
| **Unsecured Notes** *(Note)* | | |
| Within one year or on demand | **78,923** | — |
| In the second year | — | 125,189 |
| | **78,923** | 125,189 |
| | **6,536,345** | 6,246,568 |

*Note:* CAP has issued unsecured notes with maturity in 2024 which are listed on the Stock Exchange by way of debt issue to professional investors only (stock code: 5755) (the "**Unsecured Notes**"). As at 30 September 2023 and 31 March 2023, the Unsecured Notes in the principal amount of HK$90 million and HK$150 million respectively remained outstanding.

To meet the interest-bearing debts, business capital expenditure and funding needs for, inter alia, replenishment of the Group's land bank, enhancing our portfolio of properties for investment and/or payment of construction costs for the development of the property development projects, the Group 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 investments, and disposal of properties.

As at 30 September 2023, the Group's total interest-bearing debts amounted to approximately HK$6,536.3 million (31 March 2023: approximately HK$6,246.6 million), among which, approximately HK$749.8 million (31 March 2023: approximately HK$425.7 million) bore interest at fixed interest rates, and the remaining debts of approximately HK$5,786.5 million (31 March 2023: approximately HK$5,820.9 million) bore interest at floating interest rates.

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

As at 30 September 2023, 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$262.6 million and approximately HK$289.8 million, respectively:

| | As at 30 September 2023 | | Six months ended 30 September 2023 | | | 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 2023 | As at 31 March 2023 | Investment cost |
| | *HK$'000* | *%* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| FVOCI: | | | | | | | | |
| A. Equity investment | 88,207 | 1.0% | 8,301 | — | 1,614 | 88,207 | 111,249 | 125,200 |
| B. Bonds | 174,352 | 1.9% | (87,379) | 12,659 | — | 174,352 | 263,932 | 560,929 |
| Subtotal | 262,559 | 2.9% | (79,078) | 12,659 | 1,614 | 262,559 | 375,181 | 686,129 |
| FVPL: | | | | | | | | |
| A. Equity investment | 2,499 | — | (5,134) | 595 | 77 | 2,499 | 16,464 | 7,902 |
| B. Funds | 214,298 | 2.3% | (3,868) | — | 559 | 214,298 | 209,903 | 262,610 |
| C. Bonds | 50,901 | 0.6% | (2,431) | 2,640 | — | 50,901 | 49,510 | 50,534 |
| D. Others | 22,099 | 0.2% | 1,391 | — | — | 22,099 | 6,936 | 23,724 |
| Subtotal | 289,797 | 3.1% | (10,042) | 3,235 | 636 | 289,797 | 282,813 | 344,770 |
| Total | 552,356 | 6.0% | (89,120) | 15,894 | 2,250 | 552,356 | 657,994 | 1,030,899 |

As at 30 September 2023, financial assets at fair value through other comprehensive income include listed equity securities and listed/unlisted debt investments. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary, The Group intended to hold these investments for long term purpose aiming to generating a stable income.

Financial assets at fair value through profit or loss include an investment portfolio of unlisted funds and derivative financial instruments. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary.

*Notes:*

1. 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 2023.

2. 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 2023.

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.

## EVENTS AFTER REPORTING PERIOD

On 6 September 2023, Loyal Fame International Limited (the "**Seller**"), a company indirectly and wholly-owned by Mr. Tang Ching Ho ("**Mr. Tang**") who is an executive Director and a controlling shareholder of the Company, Mr. Tang as the guarantor and Wang On Enterprises (BVI) Limited (the "**Purchaser**"), a company directly and wholly-owned by the Company, entered into an agreement (the "**Agreement**"). Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Purchase has conditionally agreed to purchase, 2,007,700,062 ordinary shares of CAP being approximately 20.17% of issued share capital of CAP through the sale and purchase of the sale share and the shareholder's loan of Onger Investments Limited, a company wholly-owned by the Seller (the "**Acquisition**"). The consideration for the Acquisition is HK$200,000,000. The Company's equity interest in CAP increased from approximately 53.37% to approximately 73.54% upon completion of the Acquisition. For details, please refer to the announcement of the Company dated 6 September 2023 and 17 October 2023, and the circular of the Company dated 27 September 2023. The proposed ordinary resolution in respect of the Agreement and the Acquisition was duly passed by the independent shareholders at the special general meeting of the Company held on 17 October 2023 by way of a poll and the completion took place on 18 October 2023.

CAP repurchased outstanding Unsecured Notes (stock code: 5755) in an aggregate amount of HK$20 million on 13 October 2023 and 20 October 2023 via open market. The repurchases were funded by internal resources. The repurchased notes had been cancelled on 2 November 2023.

On 21 November 2023, Guidepost Investments Limited, an indirect wholly-owned subsidiary of WYT, (the "**Vendor**") and WYT (the "**Guarantor**") entered into a provisional agreement with Ascend Progress Limited (the "**Buyer**") and a property agent, pursuant to which the Buyer has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the shares of Oriental Sino Investments Limited (the "**Target Company**") (the registered owner of the property comprising a shop unit situated at Shop AB on G/F, Po Wing Building of Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road and Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong), and assign the benefit of the loan owing by the Target Company, to the Buyer for the consideration of HK$100 million. For details, please refer to the announcement of the Company dated 21 November 2023.

## FOREIGN EXCHANGE

The Board is of the opinion that the Group has material foreign exchange exposure in Renminbi ("**RMB**"). All the bank borrowings are denominated in Hong Kong dollar or RMB. The revenue of the Group, being mostly denominated in Hong Kong dollar or 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$187.7 million (for the six months ended 30 September 2022: loss of approximately HK$370.3 million). The re-translation loss was recognised in other comprehensive income/exchange reserve.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 2,247 (31 March 2023: 2,202) employees, of whom approximately 45% (31 March 2023: approximately 43%) were located in Hong Kong and Macau 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 eligible employees in Hong Kong and retirement contributions for staff in the PRC and Macau in accordance with the statutory requirements. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose, which is normally carried out annually. The Group also provides other forms of benefits such as medical and retirement benefits and structured training programs to its employees.

## 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 RMB against Hong Kong dollars which may affect the repatriation of profit and/or additions of investment when converting currencies; and (xii) industrial policy risk for development, construction, operations and acquisition of agri-produce exchange markets.

In response to the above possible risks, the Group has implemented a series of internal control and risk management policies to cope with the possible risks, and has carried out 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. These measures 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 its businesses.

## PROSPECTS

The real GDP of Hong Kong for April to June of 2023 decreased by 1.5% when compared with the same period of 2022, and increase by 2.9% as compared with the first quarter of 2023. Moreover, Hong Kong's latest unemployment rate dropped to 2.8% between July to September 2023.

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 5% at the end of September 2023, which was increased from 4.2% at the beginning of January 2023, while the annual inflation rate in Hong Kong slightly dropped to 2% in September 2023 from 2.4% in January 2023.

Rising interest rates and constant inflation can pose challenges for businesses. Higher interest rates make borrowing more expensive, which can dampen investment and consumer spending.

However, the labor market is showing improvement and economic activities are gradually normalising. These are positive signs that the economy is on a path to recovery.

For the WOP Group, in the latest Policy Address, the Chief Executive delivered the easing of the "spicy" property policies, including reducing buyers' stamp duties on new homes and new residential stamp duty by half. The special stamp duty, which was originally not required to be levied if resold after three years, has now been shortened to two years. Also, a stamp duty suspension mechanism for eligible incoming talents purchasing residential properties in Hong Kong has been carried out. All these measures should have positive impacts on the property market.

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. During the Period, there was huge increase in interest rate, together with the continued reduction of economic activities and inflation which continue to dampen 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 remains committed to providing high-quality Chinese medicine practitioners' consultation services, and focuses on offering tailored and professional services to meet the unique needs of every consumer as well as supplying specialised therapeutic TCM consultation. In addition to service enhancements, the WYT Group is dedicated to improving its customer relationship management (CRM) system to build stronger and closer relationships with its consumers, to strengthen customer engagement and loyalty, as well as to foster trust and long-term relationships.

Looking ahead, the national policy for the Guangdong-Hong Kong-Macau Greater Bay Area offers a positive outlook for the business of Chinese pharmaceutical and health food products. This shows opportunities for the WYT Group's growth and expansion in the Greater Bay Area.

Regarding the Western pharmaceutical products, the WYT Group has strengthened the sales and extended the distribution in the retail channels, like Mannings, Watson's and the supermarket chains for our flagship brand, "Madame Pearl's". By recuriting the strategic distribution partners for the "Madame Pearl's" cough-syrup in Mainland China as well as launching more medicines for treating upper respiratory infection (URI) under the brand name of "Madame Pearl's" to build up "Madame Pearl's" as the "Specialist of Upper Respiratory Infection". The WYT Group expects a strong growth in the coming years. The WYT Group is also developing the cross-border e-commerce business to reach the consumers in the Greater Bay Area and Asia Pacific Region.

The agricultural development is the PRC central government's first priority policy for the next few years. In 2023, the document "No. 1 Central Document of 2023" was released by the Central Committee of Communist Party of China and the State Council of China. The document vows at promoting investments in agricultural produce exchange markets, expanding agricultural produce network, building logistic infrastructure and storage facilities for agricultural produce and improving regional cold storage infrastructure. Moreover, the "Belt and Road Initiative" policy will be the key element for the overall growth of the PRC economy and offer a sustainable way for the PRC's ongoing development.

For new business opportunities, the CAP Group has taken further steps to expand its operations in the PRC by cooperating with various partners with an "asset light" strategy. It has also explored electronic platform development to explore the opportunity of technology advancement brought by the PRC government's promotion of data economy. Also, the CAP Group's scope is further expanded for the wet market and trading in order to consolidate its leading position in the industry.

The Group has a healthy financial position and expects continued growth through its diversified business. This provides the Group with a high degree of flexibility and sets a strong foundation for its sustainable development. By maintaining a proactive and prudent investment approach, the Group can capitalise on opportunities to drive business growth across all its segments. Overall, a healthy financial position and diversified business operations would facilitate the sustainable development and long-term success of the Group.

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

During the six months ended 30 September 2023, the Company repurchased a total of 138.7 million shares of HK$0.01 each of the Company on the Stock Exchange.

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

| | | Purchase price per share | | |
|---|---|---|---|---|
| **Month of repurchases** | **Number of repurchased share** | **Highest** | **Lowest** | **Aggregate amount** |
| | *(in million)* | *HK$* | *HK$* | *HK$ (in million)* |
| April 2023 | 138.7 | 0.053 | 0.053 | 7.3511 |

Save as disclosed above, 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 2023.

## 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 2023. 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 2023 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, 28 November 2023

*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.*