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

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

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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)

**(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE DISPOSAL OF THE SALE SHARES AND
ASSIGNMENT OF THE SALE LOAN
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 7 to 18 of this circular.

A notice convening the SGM to be held at 18/F, Prince's Building 10 Chater Road, Central, Hong Kong on Thursday, 11 July 2024 at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

21 June 2024

* For identification purpose only

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DEFINITIONS

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

“associates”, “close associates”, “connected persons” and “percentage ratio”	each has the meaning as ascribed to it under the Listing Rules
“Bank Consent and Loan Extension”	the consent of the lender of the Existing Project Company Bank Loan to the proposed change of control of the Project Company resulted from the transactions contemplated under the Sale and Purchase Agreement and the extension of the maturity date of the Existing Project Company Bank Loan for a period of not less than six (6) months on terms and conditions acceptable to the Purchaser
“Board”	the board of the Directors
“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149) and a listed subsidiary which is indirectly held as to approximately 57.09% by the Company
“CAP Group”	CAP and its subsidiaries
“Chevalier”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 25)
“Chevalier Shareholder”	Lofty Ideal Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of Chevalier and holder of 50% of the issued shares of the Purchaser
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“Comparable Land Parcels”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”
“Comparable Land Transactions”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”

DEFINITIONS

“Completion”	completion of the sale and purchase of the Sale Shares and the assignment of the Sale Loan under the Sale and Purchase Agreement
“Completion Date”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Completion”
“Completion Payment”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”
“Conditions”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Conditions Precedent”
“Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Shares and the Sale Loan under the Sale and Purchase Agreement, subject to adjustments, being the Initial Consideration and the Further Consideration
“Deposit”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Sale Loan by the Seller to the Purchaser pursuant to the Sale and Purchase Agreement
“Existing Permissible GFA”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”
“Existing Project Company Bank Loan”	the loan and banking facilities granted to the Project Company as borrower by a third-party bank in Hong Kong for the purpose of, among other things, financing the acquisition of the Property
“Existing WOP Bank Loan”	the loan and banking facilities granted to WOP as borrower by a third-party bank in Hong Kong for the purpose of, among other things, financing the acquisition of the Property
“Further Consideration”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Consideration”

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Consideration”	has the meaning as defined in the section headed “THE SALE AND PURCHASE AGREEMENT – Consideration”
“Latest Practicable Date”	17 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	(a) 10 July 2024, in the event that the Bank Consent and Loan Extension is not obtained on or before 19 June 2024; or (b) 31 July 2024 (or such later date as the Seller, the Purchaser and WOP may from time to time agree in writing) in the event that the Bank Consent and Loan Extension is obtained on or before 19 June 2024
“Macau”	the Macau Special Administrative Region of the PRC
“Manager”	Wang On Asset Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of WOP
“Planning Application Approval”	the approval by the Town Planning Board in February 2024 of the application by the Project Company for permission of the proposed minor relaxation of plot ratio restriction for certain zone at the Property pursuant to section 16 of the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong)
“PRC” or “Mainland China”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Project”	the project involving the completion by the Project Company of the redevelopment of the Property, the particulars of which are set out in the section headed “LETTER FROM THE BOARD – INFORMATION OF THE TARGET COMPANY, THE PROPERTY AND THE PROJECT”

DEFINITIONS

“Project Company”	New Grand Limited 樂傲有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company and the sole registered, legal and beneficial owner of the Property
“Property”	all those pieces or parcels ground registered in the Land Registry of Hong Kong as Yau Tong Inland Lot No. 30 and Yau Tong Inland Lot No. 31 and of and in the messuages erections and buildings thereon now known as Yau Tong Industrial Building Block 4, Nos. 18 & 20 Sze Shan Street, Kowloon, Hong Kong, the particulars of which are set out in the section headed “LETTER FROM THE BOARD – INFORMATION OF THE TARGET COMPANY, THE PROPERTY AND THE PROJECT”
“Purchaser”	Divine Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect 50%-owned joint venture of each of WOP and Chevalier
“Redemption Amount”	the outstanding amount owing in respect of the Existing Project Company Bank Loan, amounting to approximately HK\$322.5 million as at the Latest Practicable Date
“Remaining Group”	the Group immediately after completion of the Disposal
“Remaining WOP Group”	the WOP Group immediately after completion of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 March 2024 entered into among the Seller, the Purchaser and WOP in relation to the Disposal
“Sale Loan”	the loan owing by the Project Company to the Seller as at Completion (including all the principal and interests accrued thereon, if any), amounting to approximately HK\$724.6 million as at the Latest Practicable Date
“Sale Shares”	100 issued ordinary shares of the Target Company, representing the entire issued share capital of the Target Company legally and beneficially owned by the Seller prior to Completion
“Seller”	Top List Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholders’ Agreement”	has the meaning as defined in the section headed “LETTER FROM THE BOARD – THE SALE AND PURCHASE AGREEMENT – Parties”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Beam Up Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Seller prior to Completion and the direct holding company of the Project Company
“Target Group”	the Target Company and the Project Company
“US\$”	United States dollar(s), the lawful currency of the United States of America
“WOG Group”	the Group, for the purpose of this circular, excludes the WOP Group, the WYT Group and the CAP Group
“WOP”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243) and a 75%-owned listed subsidiary of the Company
“WOP Group”	WOP and its subsidiaries
“WOP Shareholder”	New Honour Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP and holder of 50% of the issued shares of the Purchaser

DEFINITIONS

“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897), an approximate 72.02%-owned listed subsidiary of the Company
“WYT Group”	WYT and its subsidiaries
“%”	per cent

LETTER FROM THE BOARD



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

Executive Directors:

Mr. Tang Ching Ho, *GBS, JP (Chairman)*

Ms. Yau Yuk Yin (*Deputy Chairman*)

Ms. Stephanie

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Wong Chun, *Justein, BBS, MBE, JP*

Mr. Siu Kam Chau

Mr. Chan Yung, *BBS, JP*

*Head office and principal place of
business in Hong Kong:*

Suite 3202, 32/F., Skyline Tower

39 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

21 June 2024

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE DISPOSAL OF THE SALE SHARES AND
ASSIGNMENT OF THE SALE LOAN
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 March 2024 jointly issued by the Company and WOP, pursuant to which the respective board of directors of the Company and WOP announces that on 28 March 2024, the Seller (an indirect wholly-owned subsidiary of WOP) and WOP (as the Seller's guarantor) entered into the Sale and Purchase Agreement with the Purchaser (an indirect 50%-owned joint venture of WOP), pursuant to which (a) the Seller conditionally agreed to sell and the Purchaser conditionally agreed to purchase (i) the entire issued share capital in the Target Company (i.e. the Sale

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Shares) and (ii) the loan owing by the Project Company to the Seller as at Completion (i.e. the Sale Loan), at the aggregate Consideration of approximately HK\$797,080,516 (subject to adjustment) subject to the terms of the Sale and Purchase Agreement; and (b) WOP agreed to guarantee the due, proper and punctual performance and compliance by the Seller of its obligations under the Sale and Purchase Agreement.

The purpose of this circular is to provide you with, amongst other things, (a) further details in respect of the transactions contemplated under the Sale and Purchase Agreement; (b) a property valuation report on the Property; (c) other information as required to be disclosed under the Listing Rules; and (d) a notice of SGM at which the necessary resolution(s) will be proposed for the Shareholders for the purpose of considering, and, if thought fit, to approve, among other matters, the Disposal.

THE SALE AND PURCHASE AGREEMENT

Date

28 March 2024

Parties

- (a) the Seller, an indirect wholly-owned subsidiary of WOP, as seller;
- (b) the Purchaser, an indirect 50%-owned joint venture of WOP, as purchaser; and
- (c) WOP, as the Seller's guarantor.

The Purchaser is a joint venture established on 28 March 2024 pursuant to the terms of the shareholders' agreement dated 28 March 2024 among the WOP Shareholder (an indirect wholly-owned subsidiary of WOP), WOP (as the WOP Shareholder's guarantor), the Chevalier Shareholder (an indirect wholly-owned subsidiary of Chevalier), Chevalier (as the Chevalier Shareholder's guarantor) and the Manager (as project manager of the Project), with its shares being directly held as to 50% by the WOP Shareholder and 50% by the Chevalier Shareholder. Therefore, the Purchaser is owned as to 50% indirectly by WOP and 50% indirectly by Chevalier.

The Purchaser is a single purpose vehicle formed for the owning and development of the Project for sale purpose which is of a revenue nature in the ordinary and usual course of business of WOP. The arrangements in respect of the formation of the Purchaser as joint venture between WOP and Chevalier were made on an arm's length basis and on normal commercial terms. Furthermore, the Shareholders' Agreement contains clauses to the effect that the Purchaser as joint venture may not, without the unanimous consent of WOP and Chevalier, (a) change the nature or scope of its business; or (b) enter into any transactions which are not on arm's length basis.

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Accordingly, the formation of the Purchaser as joint venture pursuant to the terms of the Shareholders' Agreement does not in itself constitute a notifiable transaction of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules and is therefore exempt from the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

Subject matter

Pursuant to the Sale and Purchase Agreement, (a) the Seller conditionally agreed to sell the Sale Shares (representing the entire issued share capital of the Target Company) and assign the Sale Loan (representing the entire loan owed by the Project Company to the Seller as at Completion) to the Purchaser free from all encumbrances; and (b) WOP agreed to guarantee the due, proper and punctual performance and compliance by the Seller of its obligations under the Sale and Purchase Agreement.

Consideration

The Consideration for the Sale Shares and the Sale Loan shall comprise the following:

- (a) **Initial Consideration:** HK\$797,080,516, being the sum of, (i) the agreed value of the Property calculated based on the gross floor area currently permitted for the Project of 291,757 square feet (the "**Existing Permissible GFA**") and an agreed per-square-foot price of HK\$2,732; and (ii) the pro forma net asset value of the Target Group subject to customary completion accounts adjustment (the "**Initial Consideration**"); and
- (b) **Further Consideration:** being approximately HK\$53 million as at the Latest Practicable Date, which is calculated based on (i) the excess gross floor area of the Project by deducting the sum of (A) the gross floor area of the government accommodation provided for under the relevant land grant(s) based on the Planning Application Approval and (B) the Existing Permissible GFA, from the actual total gross floor area of the Project permissible based on the first general building plan of the Project to be approved by the Building Authority; and (ii) the aforesaid agreed per-square-foot price (the "**Further Consideration**"). There is no limit on the value of the Further Consideration under the Sale and Purchase Agreement, and in any case, it would not be negative. It is expected that the Project Company will submit the first general building plan to the Building Authority in June 2024 for the application for the approval by the Building Authority of the Project with excess gross floor area.

LETTER FROM THE BOARD

The Consideration was arrived at after arm's length negotiations between the Seller and the Purchaser, and it was derived from (a) the Existing Permissible GFA; and (b) the aforesaid agreed per-square-foot price of HK\$2,732, which was determined by taking into consideration (i) the records available to WOP in respect of five latest comparable land transactions for residential development in Kowloon (comprising two transactions in Kai Tak, two transactions in Yau Ma Tei and one transaction in Tai Kok Tsui) between September 2022 and March 2024 with per-square-foot price ranging between approximately HK\$5,400 to approximately HK\$8,600 (the “**Comparable Land Transactions**”); and (ii) the expected land premium from lease modification of the Property (to be paid by the Purchaser), which will be assessed by the Lands Department based on the difference in the land value of the Property before and after its lease modification, taking into account the specific attributes of the Property, such as permissible gross floor area, usage, etc.

The Comparable Land Transactions comprise the following:

Transaction Date	Location of the Comparable Land Parcels	Approximate Permissible Gross Floor Area (square feet)	Approximate Consideration (HK\$ Million)	Approximate Per-square-foot Price (HK\$)
September 2023	Kai Tak	992,300	5,350	5,400
September 2023	Tai Kok Tsui	81,000	697	8,600
January 2023	Yau Ma Tei	17,400	118	6,800
December 2022	Kai Tak	1,417,900	8,703	6,100
September 2022	Yau Ma Tei	23,226	145	6,200

The Comparable Land Transactions were selected and were determined as comparable to the Disposal on the basis that, among others, (a) in terms of location, the land parcels subject to the Comparable Land Parcels (the “**Comparable Land Parcels**”) and the Property are all located in Kowloon; (b) in terms of the type of land use, the Comparable Land Parcels and the Property are all for residential development; and (c) in terms of the time of the transactions, the Comparable Land Transactions were entered into within 1.5 years from the date of the Sale and Purchase Agreement.

The abovementioned land premium is estimated to be approximately HK\$1,068.5 million based on the standard rate for calculation of premium issued by the Lands Department. Based on the sum of the Initial Consideration and the estimated land premium in respect of the Property, the per-square-foot price is estimated to be approximately HK\$6,400, which is within the range of the approximate per-square-foot prices of the Comparable Land Transactions.

As disclosed in the valuation report set out in Appendix IV to this circular, the valuation of the Property at approximately HK\$1,820 million is arrived at on the basis that the Group has completed and obtained all relevant approvals for the aforesaid town planning application and land grant modification application for the proposed residential/commercial development as mentioned above with full settlement of all land premium charged by the Hong Kong Government in connection with such applications. Hence, after deducting the land premium of approximately HK\$1,068.5 million from the aforesaid valuation, the cost of the Property would stand at approximately HK\$751.5 million, which is below the amount of the Initial Consideration.

LETTER FROM THE BOARD

In light of the above, the Board is of the view that the terms of the Disposal (including the Consideration) are fair and reasonable and in the interest of the Company and the Shareholders.

The Consideration has been/shall be satisfied and paid as follows:

- (a) a deposit (the “**Deposit**”) in the sum of HK\$39,854,026 (which represents 5% of the agreed value of the Property calculated based on the Existing Permissible GFA and the aforesaid agreed per-square-foot price) has been paid by the Purchaser to the Seller upon signing of the Sale and Purchase Agreement as deposit and part payment of the Initial Consideration;
- (b) an amount equal to the balance of the Initial Consideration after deducting the Deposit therefrom (such balance shall be referred to as the “**Completion Payment**”) shall be paid by the Purchaser at Completion in the following manner:
 - (i) in the event that, no later than fourteen (14) business days prior to the Completion Date, the lender of the Existing Project Company Bank Loan has not granted its consent to the proposed change of control of the Project Company resulted from the transactions contemplated under the Sale and Purchase Agreement, and neither extension of the maturity date of the Existing Project Company Bank Loan for a period of not less than six (6) months on terms and conditions acceptable to the Purchaser nor refinancing of the Existing Project Company Bank Loan after Completion on terms and conditions acceptable to the Purchaser has been obtained,
 - (A) a sum equal to the Redemption Amount shall be made payable by the Purchaser directly to the lender of the Existing Project Company Bank Loan; and
 - (B) a sum equal to the balance of the Completion Payment (being the balance remaining after deducting the Redemption Amount from the Completion Payment) shall be paid by the Purchaser to the Seller or the Seller’s solicitors firm; or
 - (ii) in the event that, no later than fourteen (14) business days prior to the Completion Date, the lender of the Existing Project Company Bank Loan has granted its consent to the proposed change of control of the Project Company resulted from the transactions contemplated under the Sale and Purchase Agreement, and either extension of the maturity date of the Existing Project Company Bank Loan for a period of not less than six (6) months on terms and conditions acceptable to the Purchaser or refinancing of the Existing Project Company Bank Loan after Completion on terms and conditions acceptable to the Purchaser has been obtained, the Completion Payment shall be paid by the Purchaser to the Seller or the Seller’s solicitors firm;
- (c) an amount in respect of the aforesaid customary completion accounts adjustment shall be paid by the Purchaser to the Seller or by the Seller to the Purchaser (as the case may be) within five (5) business days after the agreement or determination of the completion accounts; and

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- (d) an amount equal to the Further Consideration shall be paid by the Purchaser to the Seller within ten (10) business days after the date on which the Lands Department grants its approval of the application for modification of the relevant land grant(s) to allow the redevelopment of the Property to proceed in accordance with the Planning Application Approval.

Save and except payment of the Deposit which shall be made by cheque(s), the Consideration shall be paid by cashier's order(s), cheque(s), remittance to the relevant bank account in immediately available funds or such other method(s) as the Purchaser and the Seller may agree in writing.

Conditions Precedent

Completion is conditional upon the following conditions (the “**Conditions**”) being satisfied (and/or waived by the Purchaser) on or before the Completion Date:

- (a) the Project Company being able to provide and give a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (b) there being no breach of any warranties given by the Seller as set out in the Sale and Purchase Agreement in any material respects which will have a material adverse impact on the transactions contemplated under the Sale and Purchase Agreement;
- (c) there being no breach of any of the relevant pre-Completion undertakings, covenants or agreements of the Seller and/or WOP (if any) as set out in the Sale and Purchase Agreement in any material respects;
- (d) each of the Company and WOP having obtained the approval of their respective shareholders in respect of the Disposal contemplated under the Sale and Purchase Agreement and complied with all applicable requirements under the Listing Rules in respect of the Disposal;
- (e) Chevalier and its affiliates having complied with all applicable requirements under the Listing Rules as may be required by the Stock Exchange for the consummation of the transactions contemplated under the Sale and Purchase Agreement;
- (f) the pro forma completion accounts having been prepared and delivered by the Seller to the Purchaser;
- (g) the Existing WOP Bank Loan having been fully repaid and all security arrangements created for the Existing WOP Bank Loan having been released and/or discharged;
- (h) the restructuring of the loans and indebtedness owed (i) by the Project Company to the Target Company; (ii) by any of the Project Company and the Target Company to the Seller; and (iii) by any of the Project Company and the Target Company (on the one hand) to any affiliate of the Seller, WOP and/or the Company (on the other hand) having been completed, so that except the Sale Loan, no such loans and indebtedness remains outstanding at Completion;

LETTER FROM THE BOARD

- (i) there being no encumbrances over the Sale Shares, the Sale Loan or the Property, except the security arrangements created for the Existing Project Company Bank Loan, subject to no later than fourteen (14) business days prior to the Completion Date, the lender of the Existing Project Company Bank Loan having granted its consent to the proposed change of control of the Project Company resulted from the transactions contemplated under the Sale and Purchase Agreement, and either extension of the maturity date of the Existing Project Company Bank Loan for a period of not less than six (6) months on terms and conditions acceptable to the Purchaser or refinancing of the Existing Project Company Bank Loan after Completion on terms and conditions acceptable to the Purchaser having been obtained;
- (j) no material adverse change in respect of the financial condition of the Target Group and/or the Property having taken place;
- (k) no petition having been presented for the bankruptcy or winding up or liquidation of any of the Project Company, the Target Company, the Seller or WOP, and none of them having made any composition or arrangement with its creditors or entered into a scheme of arrangement, and no provisional liquidator, receiver or manager having been appointed over any of their the assets or undertaking; and
- (l) copies of the Certificate of Good Standing and the Certificate of Incumbency of each of the Target Company and the Seller dated not more than three (3) business days prior to Completion having been delivered to the Purchaser.

The Purchaser may at any time on or before the Completion Date waive in writing any of the Conditions (a) to (c) and (f) to (l) set out above. Conditions (d) and (e) set out above cannot be waived. In the event that no compliance requirements under the Listing Rules by Chevalier and its affiliates are required by the Stock Exchange prior to Completion for the consummation of the transactions contemplated under the Sale and Purchase Agreement, the above Condition (e) shall be deemed to have been satisfied on or before the Completion Date.

Provided that the above Condition (e) has been satisfied or deemed to be satisfied, if any of the Conditions (which have not previously been waived, other than the above Condition (d) which cannot be waived) has not been satisfied on or before the Long Stop Date, the Purchaser may elect to terminate the Sale and Purchase Agreement, pursuant to which all rights and obligations of the Seller and the Purchaser under the Sale and Purchase Agreement will cease immediately upon termination and the Deposit shall be returned to the Purchaser immediately and in any event within five (5) business days of such termination.

As at the Latest Practicable Date, Conditions (b), (c), (e), (i), (j) and (k) set out above have been fulfilled.

LETTER FROM THE BOARD

Completion

Completion shall take place in the Hong Kong office of the Seller's solicitors firm (or at such other place as the Seller and the Purchaser may mutually agree in writing) on a date which is the later of (i) the date falling on the expiry of ten (10) business days after the date of the Seller's notice to the Purchaser informing the Purchaser of the satisfaction of Condition (d) set out above; (ii) the date falling on the expiry of ten (10) business days after the date of the Purchaser's notice to the Seller informing the Seller of (A) any requirement raised by the Stock Exchange for Chevalier and/or its affiliates to take any action to comply with any requirements under the Listing Rules prior to consummation of the transactions contemplated under the Sale and Purchase Agreement, and (B) in the event that such requirement arises, the satisfaction of Condition (e) set out above; or (iii) the date falling on the expiry of ten (10) business days after all Conditions have been satisfied or waived by the Purchaser (subject to Conditions (d) and (e) set out above not being able to be waived) (which in any event shall not be later than the Long Stop Date) (the "**Completion Date**").

Upon Completion, the Target Company will cease to be a subsidiary of each of the Group and the WOP Group, and its financial results will no longer be consolidated into the consolidated financial statements of each of the Group and the WOP Group. However, the WOP Group will still hold an indirect 50% interest in the Target Company through the Purchaser.

At Completion, the Property will be delivered to the Purchaser indirectly through the Target Company and the Project Company on an as-is basis.

INFORMATION ON THE TARGET COMPANY, THE PROPERTY AND THE PROJECT

The Target Company is incorporated in the British Virgin Islands with limited liability for property holding purpose with no other major assets besides its indirect interests in the Property. The Target Company is an indirect wholly-owned subsidiary of WOP prior to Completion and it directly holds the Project Company, which is the sole registered, legal and beneficial owner of the Property.

The total site area of the Property is approximately 41,676 square feet and it comprises all those pieces or parcels ground registered in the Land Registry of Hong Kong as Yau Tong Inland Lot No. 30 and Yau Tong Inland Lot No. 31 and of and in the messuages erections and buildings thereon now known as Yau Tong Industrial Building Block 4, Nos. 18 & 20 Sze Shan Street, Kowloon, Hong Kong. The WOP Group completed the acquisition of the Property in May 2023 at the total cost of approximately HK\$940.6 million.

The Project involves (a) the completion by the Project Company of the construction of a composite residential development with two residential blocks, car parking spaces, non-domestic floor space for commercial use and government accommodation provided for under the relevant land grant(s) to be erected following redevelopment of the Property; and (b) the subsequent disposal by the Project Company of the relevant redeveloped properties for profits.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the audited financial information of the Target Group for the two financial years ended 31 March 2022 and 2023:

	For the year ended 31 March	
	2022	2023
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Net loss before taxation	1,008.08	471.02
Net loss after taxation	1,008.08	471.02

The unaudited consolidated net liability position of the Target Group as at 31 March 2024 was approximately HK\$193.0 million.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Having considered the Initial Consideration the Further Consideration and the unaudited consolidated net liability position of the Target Group as at 31 March 2024 and the Purchaser being an indirect 50%-owned joint venture of WOP, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$516.62 million. The total liabilities of the Group will decrease by approximately HK\$322.94 million. It is estimated that the net assets of the Group will have a decrease of approximately HK\$193.68 million, being the net effect of the changes of the total assets and total liabilities of the Group.

It is estimated that the Group will record no gain or loss on the Disposal, which is calculated based on the sum of (i) the unaudited consolidated net liability position of the Target Group of approximately HK\$193.0 million as at 31 March 2024; (ii) the Sale Loan of approximately HK\$724.6 million minus (x) the Initial Consideration of approximately HK\$797.1 million, (y) the Further Consideration of approximately HK\$53.0 million and (z) net asset value adjustment of approximately HK\$4.0 million; and (iii) Redemption Amount of approximately HK\$322.5 million. The Company confirms that the loss on the Disposal of approximately HK\$249.42 million as previously mentioned in the announcement dated 28 March 2024 jointly issued by the Company and WOP is now superseded. The discrepancy between HK\$249.42 million and nil arises from the reference date and the fact that the aforesaid HK\$249.42 million did not take into account all the pro forma adjustments which have been now reflected in Appendix III to this circular. The actual loss will be subject to review by the auditors of the Company.

The excess of the Initial Consideration of approximately HK\$797.08 million over the unaudited net asset value of the Target Group as at 31 March 2024 amounted to approximately HK\$990.08 million.

The net proceeds in the amount of approximately HK\$524.55 million (being the Initial Consideration and the Further Consideration net the sum of the above expenses and the Redemption Amount) will be used as the general working capital of the WOP Group and the capital commitment relating to the formation of the Purchaser.

LETTER FROM THE BOARD

INFORMATION ON THE SELLER

The Seller is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in investment holding.

INFORMATION OF THE GROUP, WOP AND THE WOP GROUP

The Group was principally engaged in (a) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (b) property investment, property development and asset management in Hong Kong through WOP, its 75.00%-owned listed subsidiary; (c) manufacturing and retailing of pharmaceutical and health food products through WYT, its approximately 72.02%-owned listed subsidiary; and (d) management and sale of properties in agricultural produce exchange markets in the PRC through CAP (a listed subsidiary of the Company), which was indirectly held as to approximately 57.09% by the Company. The Company was ultimately owned by Mr. Tang Ching Ho (the chairman, an executive director and controlling shareholder of the Company) (together with his associates) as to approximately 42.80%.

The WOP Group was principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation and asset management. WOP was owned by the Company as to 75.00%, which was in turn ultimately owned by Mr. Tang Ching Ho (together with his associates) as to approximately 42.80%.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is a joint venture established on 28 March 2024 pursuant to the terms of the Shareholders' Agreement as a single purpose vehicle formed for the owning and development of the Project for sale purpose. The Purchaser is owned as to 50% indirectly by WOP and 50% indirectly by Chevalier. The principal activities of Chevalier and its subsidiaries are construction and engineering, property investment, property development and operations, healthcare investment and car dealership and others.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal will allow the Company and WOP to operate the Project through the Purchaser, which is expected to improve the liquidity of each of the Company and WOP as the Project will no longer be wholly-owned. Accordingly, the Disposal will enable WOP to reallocate its resources into future investment opportunities, funding needs (including those regarding the Project which will no longer be wholly-owned) and pursue other growth opportunities, respectively.

The Directors consider that the Disposal and the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

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

THE SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. The SGM will be convened at 18/F, Prince's Building 10 Chater Road, Central, Hong Kong, on Thursday, 11 July 2024 at 11:30 a.m. for the Shareholders to consider and, if thought fit, to approve the Disposal. The record date for the determination of the entitlement to attend and vote at the SGM will be the close of business on Thursday, 11 July 2024. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than Friday, 5 July 2024 at 4:30 p.m., Hong Kong time.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend and vote at the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy shall be deemed to be revoked.

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

In addition, save as disclosed in this circular and to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

VOTING UNDERTAKINGS OBTAINED

Mr. Tang Ching Ho has irrevocably undertaken to the Company to vote all of the Shares beneficially held by him and held through entities wholly-owned by him, being 1,045,941,645 Shares (representing approximately 7.4% of the total issued share capital of the Company as at the Latest Practicable Date), in favour of the resolutions to be proposed at the SGM, whereas the Company has irrevocably undertaken to WOP to vote all of the shares in WOP directly or indirectly held by it, being 11,400,000,000 shares in WOP

LETTER FROM THE BOARD

(representing 75% of the total issued share capital of WOP), in favour of the resolutions to be proposed at WOP's special general meeting, subject to obtaining the requisite approval from Shareholders in accordance with the Listing Rules.

SPECIAL NEEDS

If you have any particular access request or special needs for participating in the SGM, please do not hesitate to contact the Company via email at pr@wangon.com or by telephone at (852) 2312 8288 on or before 4 July 2024.

RECOMMENDATION

For the reasons set out above, the Directors consider that the Disposal and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

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

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

* For identification purpose only

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2021, 2022 and 2023 are disclosed in the annual reports of the Company for the years ended 31 March 2021 (pages 129 to 392), 2022 (pages 137 to 392) and 2023 (pages 128 to 380), and the interim report of the Company for the six months ended 30 September 2023 (pages 46 to 100), respectively, which are published on both the websites of HKExnews (www.hkexnews.hk) and the Company (www.wangon.com) and which can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 March 2021 dated 26 July 2021 (pages 129 to 392):

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

- (2) annual report of the Company for the year ended 31 March 2022 dated 22 July 2022 (pages 137 to 392):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200803.pdf>

- (3) annual report of the Company for the year ended 31 March 2023 dated 27 July 2023 (pages 128 to 380):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072701444.pdf>

- (4) interim report of the Company for the six months ended 30 September 2023 dated 21 December 2023 (pages 46 to 100):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1221/2023122100523.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank and other loans of approximately HK\$6,561.1 million, of which bank loans with an aggregate amount of approximately HK\$4,105.2 million were secured by the Group's property, plant and equipment, investment properties and certain rental income generated therefrom, properties held for sale, properties under development, pledged deposit, loans and interest receivables, financial assets at fair value through profit or loss and share charges in respect of the entire interests of certain subsidiaries of the Group, which are engaged in property investment and development. The Group also provided guarantee(s) to banks in respect of banking facilities extended to joint ventures and customers in favour of certain banks for the loans provided by the bank in an amount not exceeding approximately HK\$370.4 million and HK\$21.9 million, respectively. Moreover, the Group's lease liabilities amounted to approximately HK\$747.4 million as at 30 April 2024.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 30 April 2024, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

3. WORKING CAPITAL STATEMENT

According to the agreements of certain bank and other borrowings of the Group, certain amounts of the Group's bank and other borrowings will be due and repayable within the next 12 months from the date of this circular. In consideration of that, the Directors plan to negotiate with the relevant lenders on the refinancing of these borrowings and/or obtain new banking facilities as needed. In addition, the Directors have formulated certain plans and measures to mitigate the liquidity pressure of the Group, including accelerating pre-sales and sales of properties, speeding up collection of outstanding sales proceeds and disposal of properties projects/assets.

In the opinion of the Directors, the sufficiency of working capital of the Group in the next 12 months from the date of this circular is dependent on (i) the successful obtaining of new banking facilities and/or refinancing of the existing borrowings; (ii) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, and speed up collection of outstanding sales proceeds, and (iii) the successful and timely completion of the disposals of property projects/assets in accordance with the amounts and timing anticipated by the Group.

The Directors, after due and careful enquiry, are of the opinion that, after taking into account (i) the Group's ability to refinance its existing borrowings upon maturity through refinancing of existing borrowings and/or obtaining new banking facilities; (ii) the Group's internal resources, and continual cash inflows from operations, and existing bank facilities available to the Group; and (iii) net proceeds from disposal of the Group's properties projects/assets, including the effect of the Disposal, the Group has sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date on which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is engaged in the businesses of the management of fresh market and treasury management. Meanwhile, it is also engaged in operation of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation through its subsidiary, WOP, as well as the manufacturing and retailing of Chinese and western pharmaceutical through its subsidiary, WYT, and management and sales of properties in agricultural produce exchange markets in the PRC through its subsidiary, CAP. There is no change in the Group's principal activities since 31 March

2023, being the date on which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Remaining Group's principal business as a result of completion of the Disposal.

The real GDP of Hong Kong grew by 4.3% year-on-year in the fourth quarter of 2023. Moreover, Hong Kong's latest unemployment rate stood at 2.9% for the period between November 2023 and January 2024.

On the other hand, the interest rate in the United States still remains at a high level, which inevitably affects the global money flow and asset prices. Under this macro environment, the Hong Kong One Month Interbank Rate stood at 4.6% at the end of April 2024, which slightly declined from 4.8% at the beginning of January 2024, while the annual inflation rate in Hong Kong slightly dropped to 2.1% in February 2024 from 2.4% in December 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 labour 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, all "spicy" measures imposed on the property market have been scrapped, and 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 previous financial year, 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 Traditional Chinese Medicine ("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 recruiting 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.

The Disposal will enable the WOP Group to reallocate its resources into future investment opportunities, funding needs (including those regarding the Project which will no longer be wholly-owned), and pursue other growth opportunities, respectively. The WOP Group will continue to monitor market changes closely and to look for and evaluate available opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

Set out below is the unaudited consolidated financial information of the Target Group which comprises the unaudited consolidated statements of financial position of the Target Group as at 31 March 2022, 2023 and 2024, and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of cash flows and unaudited consolidated statements of changes in equity for the years ended 31 March 2022, 2023 and 2024 and explanatory notes.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of the Target Company and its subsidiary, New Grand Limited (collectively, “**Target Group**”), as at 31 March 2022, 2023 and 2024, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of Target Group for the years ended 31 March 2022, 2023 and 2024 and explanatory notes (the “**Unaudited Consolidated Financial Information**”). The Unaudited Consolidated Financial Information has been prepared in accordance with rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on Stock Exchange and the basis of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Consolidated Financial Information. The Unaudited Consolidated Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company’s reporting accountants, Ernst & Young, were engaged to review the unaudited financial information of the Target Group as set out on pages II-2 to II-8 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Consolidated Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Consolidated Financial Information.

APPENDIX II**FINANCIAL INFORMATION OF THE TARGET GROUP****UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***Years ended 31 March 2022, 2023 and 2024*

	Unaudited		
	Year ended 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income	162	3,396	979
Administrative expenses	(1,170)	(3,867)	(1,908)
Write-down of properties under development	—	—	(187,827)
LOSS BEFORE TAX	(1,008)	(471)	(188,756)
Income tax	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(1,008)	(471)	(188,756)

APPENDIX II**FINANCIAL INFORMATION OF THE TARGET GROUP****UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***31 March 2022, 2023 and 2024*

	Unaudited		
	31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSET			
Properties under development	736,359	898,481	850,125
CURRENT ASSETS			
Prepayments, deposits and other receivables	5,273	13,253	4,312
Cash and cash equivalents	2,174	2,967	2,855
Total current assets	7,447	16,220	7,167
CURRENT LIABILITIES			
Other payables and accruals	(710)	(3,985)	(464)
Interest-bearing bank borrowings	(269,202)	(322,141)	(322,472)
Due to the WOP Group	(474,916)	(590,068)	(724,605)
Total current liabilities	(744,828)	(916,194)	(1,047,541)
NET CURRENT LIABILITIES	(737,381)	(899,974)	1,040,374
NET LIABILITIES	(1,022)	(1,493)	(190,249)
DEFICIENCY IN ASSETS			
Issued capital	_*	_*	_*
Accumulated losses	(1,022)	(1,493)	(190,249)
Total deficiency in assets	(1,022)	(1,493)	(190,249)

** Less than \$500*

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 March 2022, 2023 and 2024

	Unaudited		
	Issued capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total deficiency in assets <i>HK\$'000</i>
At 1 April 2021	–*	(14)	(14)
Loss and total comprehensive loss for the year	–	(1,008)	(1,008)
At 31 March 2022 and 1 April 2022	–*	(1,022)	(1,022)
Loss and total comprehensive loss for the year	–	(471)	(471)
At 31 March 2023 and 1 April 2023	–*	(1,493)	(1,493)
Loss and total comprehensive loss for the year	–	(188,756)	(188,756)
At 31 March 2024	–*	(190,249)	(190,249)

* Less than \$500

APPENDIX II**FINANCIAL INFORMATION OF THE TARGET GROUP****UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS***Years ended 31 March 2022, 2023 and 2024*

	Unaudited		
	Year ended 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(1,008)	(471)	(188,756)
Adjustment for:			
Write-down of properties under development	–	–	187,827
Interest income	–	(4)	(18)
	(1,008)	(475)	(947)
Increase in properties under development	(735,259)	(151,308)	(119,230)
Decrease/(increase) in prepayments, deposits and other receivables	(5,273)	(7,980)	8,941
Increase/(decrease) in other payables and accruals	710	3,275	(3,521)
Net cash flows used in operating activities	(740,830)	(156,488)	(114,757)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	–	4	18
Net cash flows from investing activities	–	4	18
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	269,125	52,589	–
Advances from the WOP Group	474,902	115,152	134,537
Interest paid	(1,023)	(10,464)	(19,910)
Net cash flows from financing activities	743,004	157,277	114,627
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	2,174	793	(112)
	–	2,174	2,967
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,174	2,967	2,855

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

31 March 2022, 2023 and 2024

1. GENERAL

Beam Up Holdings Limited (the “**Target Company**”) is a limited liability company incorporated in the British Virgin Islands (“**BVI**”) on 26 November 2021. The principal activity of the Target Company is investment holding. In the opinion of the Target Company’s directors, as at 31 March 2024, Top List Holdings Limited (“**Top List**”), a company incorporated in the BVI, is the immediate holding company of the Target Company, Wang On Properties Limited (“**WOP**”), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange of Hong Kong (the “**Stock Exchange**”), is the intermediate holding company of the Target Company, and Wang On Group Limited (“**WOG**”), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Target Company.

On 21 December 2021, the Target Company acquired the entire equity interest in New Grand Limited (the “**Project Company**”) from Famous Chief Limited (“**Famous Chief**”), a wholly-owned subsidiary of WOP, at a consideration of HK\$1 (the “**Acquisition**”). The Project Company is principally engaged in property development in Hong Kong. Upon completion of the Acquisition, the Project Company became a wholly-owned subsidiary of the Target Company. The Target Company and the Project Company are hereinafter collectively referred as the “**Target Group**”.

On 28 March 2024, Divine Glory International Limited (the “**JV Company**”), a company incorporated in the BVI, which is indirectly owned as to 50% by each of WOP and Chevalier International Holdings Limited (“**Chevalier**”), entered into a sale and purchase agreement with Top List, pursuant to which the JV Company shall purchase the entire issued shares of the Target Company and the shareholder’s loans owing by the Project Company to WOP and its subsidiaries (the “**WOP Group**”) at an initial consideration of HK\$797,080,516 (subject to adjustment) (the “**Disposal**”). Upon completion of the Disposal, the Target Company will be 100% held by the JV Company.

2. BASIS OF PRESENTATION

The unaudited consolidated financial information of the Target Group for the years ended 31 March 2022, 2023 and 2024 (the “**Unaudited Consolidated Financial Information**”) has been prepared under the going concern concept because (i) WOP has agreed to provide continual financial support and adequate funds to the Target Group up to the completion date of the Disposal to meet its liabilities as and when they fall due and not to request repayment of the amount due to the WOP Group by the Target Group until such time as the Target Group is in a position to repay such amount without impairing its financial position; and (ii) the JV Company, which has obtained capital commitment from WOP and Chevalier, has agreed to provide continual financial support and adequate funds for the Target Group from the completion date of the Disposal to meet its liabilities as and when they fall due.

3. BASIS OF PREPARATION

The Target Company and the Project Company were under the common control of WOG before and after the Acquisition. Accordingly, the unaudited consolidated financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Acquisition has been completed at the beginning of the reporting period.

The unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows for the years ended 31 March 2022, 2023 and 2024 include the results of all companies now comprising the Target Group from the earliest date presented.

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

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

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Introduction**

The following is an illustrative unaudited pro forma consolidated financial information (the “**Unaudited Pro Forma Financial Information**”) of the remaining group of Wang On Group Limited (the “**Company**”) and its subsidiaries (hereafter collectively referred to as the “**Group**”), immediately after the disposal of the entire issued share capital of Beam Up Holdings Limited (“**Target Company**”), a subsidiary of Wang On Properties Limited (“**WOP**”), which is a 75%-owned subsidiary of the Group, and the loan owing by New Grand Limited (“**Project Company**”), a subsidiary of the Target Company (Target Company and Project Company are hereinafter collectively referred to as “**Target Group**”), to Top List Holdings Limited, a subsidiary of WOP, to Divine Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly owned as to 50% by each of WOP and Chevalier International Holdings Limited (the “**Disposal**”). The remaining group of the Group after the Disposal are hereinafter referred to as the “**Remaining Group**”. The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2023, which have been prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Disposal.

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2023, which has been extracted from the published interim report of the Group for the six months ended 30 September 2023 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Disposal had been completed on 30 September 2023.

The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group is based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2023, which have been extracted from the published annual report of the Group for the year ended 31 March 2023 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Disposal had been completed on 1 April 2022.

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

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial position or cash flows of the Remaining Group had the Disposal been completed as at the respective dates to which it is made up to or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 March 2023, the published interim report of the Company for the six months ended 30 September 2023, the unaudited financial information of the Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Remaining Group.

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE
REMAINING GROUP**

	The Group					Unaudited pro forma of the Remaining Group
	as at 30					
	September					
	2023					
	HK'000	HK'000	HK'000	HK'000	HK'000	
	Note 1	Note 2	Note 3	Note 5	Note 6	
NON-CURRENT ASSETS						
Property, plant and equipment	1,121,267				1,121,267	
Investment properties	3,560,996				3,560,996	
Club memberships	32,780				32,780	
Properties under development	2,135,674	(850,125)	(187,827)		1,097,722	
Interests in joint ventures	4,084,869				4,084,869	
Interests in associates	24,739				24,739	
Financial assets at fair value through other comprehensive income	195,451				195,451	
Financial assets at fair value through profit or loss	208,802				208,802	
Loans and interest receivables	28,993				28,993	
Prepayments, other receivables and other assets	228,050				228,050	
Deferred tax assets	21,774				21,774	
Intangible assets	6,006				6,006	
Total non-current assets	<u>11,649,401</u>	(850,125)	(187,827)		<u>10,611,449</u>	
CURRENT ASSETS						
Properties under development	3,021,297				3,021,297	
Properties held for sale	1,190,980				1,190,980	
Inventories	307,947				307,947	
Trade receivables	96,230				96,230	
Loans and interest receivables	308,861				308,861	
Prepayments, other receivables and other assets	493,499	(4,312)			489,187	
Cost of obtaining contracts	12,006				12,006	
Financial assets at fair value through other comprehensive income	67,108				67,108	
Financial assets at fair value through profit or loss	80,995				80,995	
Tax recoverable	7,970				7,970	
Pledged deposits	58,287				58,287	
Restricted bank balances	5,370				5,370	
Cash and bank balances	<u>1,121,245</u>	(2,855)		534,356	(4,300) <u>1,648,446</u>	
Assets classified as held for sale and assets of a disposal company	6,771,795	(7,167)		534,356	(4,300) 7,294,684	
	<u>42,800</u>				<u>42,800</u>	
Total current assets	<u>6,814,595</u>	(7,167)		534,356	(4,300) <u>7,337,484</u>	

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group as at 30 September 2023 HK'000 Note 1	Pro forma adjustments				Unaudited pro forma of the Remaining Group HK'000
		HK'000 Note 2	HK'000 Note 3	HK'000 Note 5	HK'000 Note 6	
CURRENT LIABILITIES						
Trade payables	188,614					188,614
Other payables and accruals	1,003,686	(464)				1,003,222
Amounts due to the Remaining Group	–	(724,605)		724,605		–
Contract liabilities	171,887					171,887
Interest-bearing bank and other borrowings	3,518,723	(322,472)				3,196,251
Tax payable	111,190					111,190
Unsecured notes	78,923					78,923
Total current liabilities	<u>5,073,023</u>	(1,047,541)		724,605		<u>4,750,087</u>
NET CURRENT ASSETS	<u>1,741,572</u>	1,040,374		(190,249)	(4,300)	<u>2,587,397</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>13,390,973</u>	190,249	(187,827)	(190,249)	(4,300)	<u>13,198,846</u>
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	2,938,699					2,938,699
Other payables and accruals	637,292					637,292
Financial liabilities at fair value through profit or loss	592					592
Deferred tax liabilities	563,932					563,932
Total non-current liabilities	<u>4,140,515</u>					<u>4,140,515</u>
Net assets	<u>9,250,458</u>	190,249	(187,827)	(190,249)	(4,300)	<u>9,058,331</u>
EQUITY						
Equity attributable to owners of the parent						
Issued capital	153,538					153,538
Treasury shares	(92,605)					(92,605)
Reserves	<u>5,839,935</u>	190,249	(140,870)	(190,249)	(3,525)	<u>5,695,540</u>
Non-controlling interests	<u>5,900,868</u> <u>3,349,590</u>	190,249	(140,870) (46,957)	(190,249)	(3,525) (775)	<u>5,756,473</u> <u>3,301,858</u>
Total equity	<u>9,250,458</u>	190,249	(187,827)	(190,249)	(4,300)	<u>9,058,331</u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2023	Pro forma adjustments		Unaudited pro forma of the Remaining Group
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
	<i>Note 1</i>	<i>Note 4</i>	<i>Note 6</i>	
REVENUE	3,603,458			3,603,458
Cost of sales	<u>(2,543,843)</u>			<u>(2,543,843)</u>
Gross profit	1,059,615			1,059,615
Other income and gains, net	161,937	(3,396)		158,541
Selling and distribution expenses	(452,920)			(452,920)
Administrative expenses	(513,027)	3,867	(4,300)	(513,460)
Impairment losses of financial assets, net	(38,571)			(38,571)
Other expenses	(58,252)			(58,252)
Finance costs	(288,359)			(288,359)
Fair value losses on financial assets at fair value through profit of loss, net	(13,087)			(13,087)
Fair value losses on owned investment properties, net	(4,997)			(4,997)
Write-down of properties under development	(30,183)			(30,183)
Write-down of properties held for sale	(44,150)			(44,150)
Share of profits and losses of joint ventures	317,253			317,253
Share of profits and losses of associates	<u>2,969</u>			<u>2,969</u>
PROFIT BEFORE TAX	98,228	471	(4,300)	94,399
Income tax credit	<u>526</u>			<u>526</u>
PROFIT FOR THE YEAR	<u><u>98,754</u></u>	471	(4,300)	<u><u>94,925</u></u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2023	Pro forma adjustments		Unaudited pro forma of the Remaining Group HK'000
		<i>HK'000</i>	<i>HK'000</i>	
	<i>Note 1</i>	<i>Note 4</i>	<i>Note 6</i>	
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Debt investments at fair value through other comprehensive income:				
Changes in fair value	(39,357)			(39,357)
Reclassification adjustments for losses included in profit or loss				
– impairment losses, net	26,030			26,030
– losses on disposal/redemption, net	<u>20,628</u>			<u>20,628</u>
	7,301			7,301
Exchange differences on translation of foreign operations				
	(243,346)			(243,346)
Other reserves:				
Share of other comprehensive loss of joint ventures	<u>(8,303)</u>			<u>(8,303)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods				
	(244,348)			(244,348)

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2023 HK'000 Note 1	Pro forma adjustments		Unaudited pro forma of the Remaining Group HK'000
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
	<i>Note 1</i>	<i>Note 4</i>	<i>Note 6</i>	
Other comprehensive 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	<u>(9,526)</u>			<u>(9,526)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(9,526)			(9,526)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(253,874)</u>			<u>(253,874)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(155,120)</u>	471	(4,300)	<u>(158,949)</u>
Profit attributable to:				
Owners of the parent	12,784	353	(3,525)	9,612
Non-controlling interests	<u>85,970</u>	118	(775)	<u>85,313</u>
	<u>98,754</u>	471	(4,300)	<u>94,925</u>
Total comprehensive loss attributable to:				
Owners of the parent	(76,239)	353	(3,525)	(79,411)
Non-controlling interests	<u>(78,881)</u>	118	(775)	<u>(79,538)</u>
	<u>(155,120)</u>	471	(4,300)	<u>(158,949)</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP**

	The Group					Unaudited pro forma of the Remaining Group
	for the					
	year					
	ended					
	31 March					
	2023					
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
	Note 1	Note 4	Note 5	Note 6	Note 7	
	Pro forma adjustments					
CASH FLOWS FROM OPERATING						
ACTIVITIES						
Profit before tax	98,228	471		(4,300)		94,399
Adjustments for:						
Finance costs	288,359					288,359
Share of profits and losses of joint ventures and associates	(320,222)					(320,222)
Bank interest income	(21,020)	4				(21,016)
Imputed interest income from debt investments	(2,979)					(2,979)
Gain on disposal of investment properties, net	(782)					(782)
Gain on disposal of property, plant and equipment	(305)					(305)
Loss on disposal/redemption of debts investments at fair value through other comprehensive income, net	20,628					20,628
Loss on disposal of subsidiaries, net	1,769					1,769
Gain on disposal of a joint venture	(14,551)					(14,551)
Fair value losses on financial assets at fair value through profit or loss, net	13,087					13,087
Fair value losses on owned investment properties, net	4,997					4,997
Gain on early redemption of unsecured notes	(11,544)					(11,544)
Fair value losses on sub-leased investment properties, net	157,907					157,907
COVID-19 related rent concession from lessors	(774)					(774)
Depreciation of owned assets	62,750					62,750
Depreciation of right-of-use assets	84,458					84,458
Write-down of properties held for sale	44,150					44,150
Write-down of properties under development	30,183					30,183
Equity-settled share option expense	4,646					4,646
Impairment losses on financial assets, net	38,571					38,571
Loss on modification of debt investments	6,790					6,790
Impairment losses on items of property, plant and equipment, net	25,932					25,932
Allowance for obsolete inventories	2,965					2,965
Accrued rent-free rental income	262					262
Gain on modification/termination of lease contracts	(627)					(627)
	<u>512,878</u>	<u>475</u>		<u>(4,300)</u>		<u>509,053</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2023		Pro forma adjustments			Unaudited pro forma of the Remaining Group
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
	Note 1	Note 4	Note 5	Note 6	Note 7	
Decrease in properties held for sale	1,719,608					1,719,608
Increase in properties under development	(1,086,286)	151,308				(934,978)
Increase in inventories	(25,332)					(25,332)
Decrease in financial assets at fair value through profit or loss	184,072					184,072
Decrease in cost of obtaining contracts	13,985					13,985
Increase in trade receivables, prepayments, other receivables and other assets	(32,658)	7,980				(24,678)
Decrease in loans and interest receivables	158,768					158,768
Increase in trade payables	49,026					49,026
Increase in other payables and accruals	15,060	(3,275)				11,785
Decrease in contract liabilities	(513,391)					(513,391)
Decrease in deposits received and receipts in advance	(16,164)					(16,164)
Increase in restricted bank balances	(5,403)					(5,403)
Cash generated from operations	974,163	156,488		(4,300)		1,126,351
Tax paid	(55,544)					(55,544)
Net cash flows from operating activities	918,619	156,488		(4,300)		1,070,807
Cash flows from investing activities						
Bank interest received	21,020	(4)				21,016
Dividend income from joint ventures	131,717					131,717
Dividend income from associates	2,250					2,250
Return of capital from joint ventures	8,847					8,847
Additions to investment properties	(20,407)					(20,407)
Subscription of club membership	(16,800)					(16,800)
Acquisition of non-controlling interest	(9,752)					(9,752)
Purchases of items of property, plant and equipment	(40,430)					(40,430)
Purchase of financial assets at fair value through other comprehensive income	(212,271)					(212,271)
Proceeds from disposal of investment properties	26,534					26,534
Proceeds from disposal of property, plant and equipment	9,078					9,078
Proceeds from disposal of financial assets at fair value through other comprehensive income	239,608					239,608
Disposal of subsidiaries	325,660		534,356			860,016
Disposal of a joint venture	20,743					20,743
Cash advanced to joint ventures	(433,277)				(115,152)	(548,429)
Repayments of loans from joint ventures and associates	526,310					526,310

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group for the year ended 31 March 2023		Pro forma adjustments		Unaudited pro forma of the Remaining Group	
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
	<i>Note 1</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	<i>Note 7</i>	
Increases in non-pledged time deposits with original maturity of over three months	<u>(258,060)</u>					<u>(258,060)</u>
Net cash flows from investing activities	<u>320,770</u>	(4)	534,356		(115,152)	<u>739,970</u>
Cash flows from financing activities						
Interest paid	(345,748)	10,464				(335,284)
New bank and other borrowings	1,694,407	(52,589)				1,641,818
Repayment of bank and other borrowings	(2,391,467)					(2,391,467)
Repurchase of the Company's shares	(25,023)					(25,023)
Redemption of unsecured notes	(95,937)					(95,937)
Dividend paid to non-controlling shareholders	(35,179)					(35,179)
Principal portion of lease payments	(159,523)					(159,523)
Increase in pledged deposits	(5,314)					(5,314)
Increase in amounts due to the Remaining Group	<u>-</u>	(115,152)			115,152	<u>-</u>
Net cash flows used in financing activities	<u>(1,363,784)</u>	(157,277)			115,152	<u>(1,405,909)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(124,395)	(793)	534,356	(4,300)	-	404,868
Cash and cash equivalents at beginning of year	1,453,434	(2,174)				1,451,260
Effect of foreign exchange rate changes, net	<u>(15,637)</u>					<u>(15,637)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1,313,402</u></u>	(2,967)	534,356	(4,300)	-	<u><u>1,840,491</u></u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING
GROUP**

- (1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2023, as set out in the published interim report of the Group for the six months ended 30 September 2023, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2023, as set out in the published annual report of the Group for the year ended 31 March 2023.
- (2) The adjustment represents the derecognition of assets and liabilities of the Target Group as at 31 March 2024, assuming the Disposal had been taken place on 30 September 2023. The assets and liabilities of the Target Group are extracted from the unaudited consolidated statement of financial position of the Target Group as at 31 March 2024 as set out in Appendix II to this circular.
- (3) The adjustment represents the write-down of the carrying amount of properties under development to its recoverable amount by the Target Group during the year ended 31 March 2024.
- (4) The adjustment represents the exclusion of the results and cash flows of the Target Group for the year ended 31 March 2023, assuming the Disposal had been taken place on 1 April 2022. The results and cash flows of the Target Group are extracted from the unaudited consolidated statement of profit or loss and other comprehensive income and the unaudited consolidated statement of cash flows of the Target Group for the year ended 31 March 2023 as set out in Appendix II to this circular.

- (5) The adjustment reflects the pro forma gain on the Disposal arising from the Disposal assuming that the Disposal had been completed on 1 April 2022 or 30 September 2023, as appropriate. The pro forma gain on the Disposal, which is based on the unaudited total consolidated assets minus the unaudited total consolidated liabilities other than the liability in respect of the shareholder's loans (the "Net Asset Value") of the Target Group as at 31 March 2024, is calculated as follows:

	<i>Notes</i>	Total <i>HK\$'000</i>
Agreed Value of the Property	<i>(i)</i>	797,081
Adjustment to Initial Consideration	<i>(i)</i>	<u>(315,769)</u>
Initial Consideration	<i>(i)</i>	481,312
Further Consideration	<i>(ii)</i>	<u>53,044</u>
Total cash consideration		534,356
Less: Net Asset Value of the Target Group	<i>(i)</i>	<u>(534,356)</u>
Pro forma gain on the Disposal		<u><u>–</u></u>

Notes:

- (i) The initial consideration (the “**Initial Consideration**”) for the Target Group is the sum of the agreed value of the properties under development (the “**Property**”) of HK\$797,080,516 (the “**Agreed Value**”) and the Net Assets Value of the Target Group excluding the carrying amount of the properties under development upon completion of the Disposal. The Net Assets Value of the Target Group is based on the unaudited consolidated statement of financial position as at 31 March 2024, as set out in Appendix II to this circular. The Initial Consideration and the Net Asset Value of the Target Group are calculated as follows:

	Total <i>HK\$'000</i>
Total assets	857,292
Less: Total liabilities	<u>(1,047,541)</u>
	(190,249)
Add: Shareholder’s loans	<u>724,605</u>
Net Asset Value of the Target Group	534,356
Less: Carrying amount of the properties under development of the Target Group as at 31 March 2024	(850,125)
Add: Agreed Value of the Property	<u>797,081</u>
Initial Consideration	<u>481,312</u>
Represented by:	
Agreed Value of the Property	797,081
Adjustment to the Initial Consideration (<i>Note</i>)	<u>(315,769)</u>
Initial Consideration	<u><u>481,312</u></u>

Note: The adjustment to the Initial Consideration is subject to change based on the final Net Asset Value of the Target Group upon completion of the Disposal.

- (ii) The further consideration (the “**Further Consideration**”) of HK\$53,044,000 represents the expected excess gross floor area of the project involving the completion by the Project Company of the redevelopment of the Property (the “**Project**”) multiplied by the agreed per-square-foot price of HK\$2,732. The final excess gross floor area of the Project is the actual total gross floor area of the Project permissible based on the first general building plan of the Project approved by the Building Authority less the sum of (A) the gross floor area of the government accommodation provided for under the relevant land grant(s) based on the approval by the Town Planning Board in February 2024 on the application by the Group for permission of the proposed minor relaxation of plot ratio restriction for certain zone at the Property pursuant to section 16 of the Town Planning Ordinance (the “**Planning Application**”) and (B) the existing permissible gross floor area of 291,757 square feet.

Based on the general building plan attached to the Planning Application, the expected excess gross floor area of the Project is 19,416 square feet, which is subject to the approval by the Building Authority. As such, the final excess gross floor area, and hence the final amount of the Further Consideration, are subject to changes based on the final approval by the Building Authority on the actual total gross floor area of the Project.

- (6) This adjustment represents the estimated direct legal and professional costs related to the Disposal, which amounts to approximately HK\$4,300,000.
- (7) The adjustment represents the reclassification of the intra-group cash flows for the year ended 31 March 2023 as the Target Group is no longer companies within the Remaining Group and become subsidiaries of a joint venture of the Remaining Group after the completion of the Disposal.
- (8) The above pro forma adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

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

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



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

21 June 2024

To the Directors of Wang On Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2023, and related notes set out in section A of Appendix III of the circular dated 21 June 2024 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the disposal of the entire issued share capital of Beam Up Holdings Limited (“**Target Company**”), a 75%-owned subsidiary of the Group, and the loan owing by New Grand Limited to Top List Holdings Limited, to Divine Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly owned as to 50% by each of Wang On Properties Limited, a 75%-owned subsidiary of the Group, and Chevalier International Holdings Limited (the “**Disposal**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group's financial position as at 30 September 2023 and the Group's financial performance and cash flows for the year ended 31 March 2023 as if the Disposal had taken place on 30 September 2023 and 1 April 2022, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2023 and published interim report for the six months ended 30 September 2023.

Directors' responsibility for the Unaudited Pro Forma Financial Information

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

Our independence and quality management

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

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

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

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

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

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

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Seed Project as at 31 March 2024.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 801, 8/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, HK
香港灣仔軒尼詩道145號安康商業大廈8字樓801室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

21 June 2024

The Board of Directors

Wang On Group Limited
Suite 3202, 32/F, Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon

Dear Sirs,

Re: Valuation of the development site situated at Nos. 18-20 Sze Shan Street, Kowloon, Hong Kong

In accordance with the instructions from Wang On Group Limited (the “**Company**”) to value the property development site (the “**Seed Project**”) held by the Project Company, we confirm that we have carried out inspection of the Seed Project, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Seed Project as at 31 March 2024 (the “**Valuation Date**”).

BASIS OF VALUATION

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

TITLESHIP

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

VALUATION METHODOLOGY

In valuing the Seed Project as a development site, we have adopted the Market Approach assuming sale of each of the Seed Project in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

Market Approach is a commonly adopted approach for valuation of development land where relevant comparable transactions as land sale evidence are available for reference to arrive at the market value. This approach rests on the market evidences as the best value indicator that can be extrapolated to similar properties. In the course of our valuation based on market approach, we have analyzed each of the comparable transactions for various factors including property location and time of transaction and have made necessary adjustments on the transaction prices. Upward adjustment is made if the comparable is inferior to the Seed Project and downward adjustment is made if the comparable is superior to the Seed Project.

ASSUMPTIONS

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

The market value of the Seed Project has been arrived at on the basis that the owner has completed all necessary applications to, gone through all procedures with and paid off all land premium to the Government authorities such that the Seed Project is permitted to be developed into a comprehensive residential development embedded with residential, commercial and social welfare components as at the Valuation Date.

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

LIMITING CONDITIONS

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

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

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

The Seed Project were last inspected on 12 April 2024 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Seed Project. However, no structural survey has been made for them. We are not, however, able to report whether the building and structures inspected by her are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, she has ascertained the following matters of the Seed Project as at the date of site inspection:

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

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

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

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

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

All monetary amounts in this report are denominated in Hong Kong Dollars.

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

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

VALUATION CERTIFICATE

Property interests held by the Project Company for future development

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2024 <i>HK\$</i>
Nos. 18-20 Sze Shan Street Kowloon Hong Kong	The Seed Project comprises a development site with an area of approximately 3,872.20 square metres on which a 4-storey industrial building with a total gross floor area (GFA) of approximately 12,579.04 square metres is erected. The building was completed in about 1979.	The Seed Project is currently vacant.	1,820,000,000 See note 8 below
Yau Tong Inland Lot Nos. 30 and 31	It is planned to be redeveloped into two 23-storey residential towers surmounting a 3-storey podium accommodating shops, services and elderly care centre plus two basement levels for car parking and loading/unloading spaces. The proposed development shall have a total GFA of 30,074.69 square metres of which 25,036.99 square metres, 3,871.70 square metres and 1,166.00 square metres are attributable to residential units, shop/service/eatery units and elderly care centre respectively.		
	The subject land lot of the Seed Project is roughly rectangular shape and is bounded by traffic road including Sze Shan Street and Shung Yiu Street along all its site frontage. It is falling within the central location of Yau Tong Industrial Area and generally surrounded by industrial buildings. Aligning with the planning intention of the industrial area, an increasing trend is observed in the transformation from industrial buildings within the area to a residential neighbourhood and various residential developments have been emerged in the area. Besides piecemeal redevelopment projects, massive housing development has been proposed within the Yau Tong Bay Comprehensive Development Area situated at the north of the Seed Project. Existing shopping arcades nearby the Seed Project are Domain and Lei Yue Mun Plaza which are situated adjacent to the MTR (Yau Tong) Station and are about 0.5 kilometres at the north of the Seed Project.		

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2024 <i>HK\$</i>
	Yau Tong Inland Lot Nos. 30 is held under Conditions of Grant No. 10928 for a term of 99 years commencing on 1 July 1898.		
	Yau Tong Inland Lot Nos. 31 is held under Conditions of Grant No. 10929 for a term of 99 years commencing on 1 July 1898.		
	The lease terms of all the above Government leases have been statutorily extended to 30 June 2046. The prevailing total annual Government rent of the Seed Project is HK\$304,038.		

Notes:

1. The registered owner of the Seed Project is New Grant Limited or the Project Company registered via various assignments set out as follows:
 - memorial no. 22020701280027 dated 13 January 2022;
 - memorial no. 22020802020015 dated 13 January 2022;
 - memorial no. 22020802020021 dated 13 January 2022;
 - memorial no. 22020802020030 dated 13 January 2022;
 - memorial no. 22020802020045 dated 13 January 2022;
 - memorial no. 22020802020072 dated 13 January 2022;
 - memorial no. 22020802020093 dated 13 January 2022;
 - memorial no. 22020802020103 dated 13 January 2022;
 - memorial no. 22020802020117 dated 13 January 2022;
 - memorial no. 22020802020138 dated 13 January 2022;
 - memorial no. 22020802020141 dated 13 January 2022;
 - memorial no. 22020802020157 dated 13 January 2022;
 - memorial no. 22020802020161 dated 13 January 2022;
 - memorial no. 22031701160032 dated 28 February 2022;
 - memorial no. 22063001350047 dated 31 May 2022;
 - memorial no. 22111101200048 dated 24 October 2022;
 - memorial no. 22122001030059 dated 30 November 2022;
 - memorial no. 22122301170019 dated 2 December 2022;
 - memorial no. 22122301170026 dated 2 December 2022;
 - memorial no. 23062001230046 dated 29 May 2023;
 - memorial no. 23062001230065 dated 29 May 2023; and
 - memorial no. 23062301360029 dated 31 May 2023.

2. The Seed Project other than Unit B, D, F, H, Car Parking Space Nos. C1, C2, C4 and C5 on Lower Ground Floor, Unit N on Middle Ground Floor and Car Parking Space Nos. No. C10 on Upper Ground Floor thereof is subject to a mortgage in favour of Dah Sing Bank, Limited registered via memorial no. 22020802020174 dated 13 January 2022.
3. Unit B, D, F, H, Car Parking Space Nos. C1, C2, C4 and C5 on Lower Ground Floor, Unit N on Middle Ground Floor and Car Parking Space Nos. No. C10 on Upper Ground Floor of the Seed Project are subject to a mortgage in favour of Chiyu Banking Corporation Limited registered via memorial no. 231100500610038 dated 29 September 2023 and an assignment of sale proceeds and rental proceeds in favour of Chiyu Banking Corporation Limited registered via memorial no. 231100500610042 dated 29 September 2023.
4. The Seed Project is falling within an area zoned “Residential (Group E)” on the Approved Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/27 subject to a maximum domestic plot ratio of 5.0 and a maximum non-domestic plot ratio of 1.0.
5. Subject to the prevailing plot ratio restriction imposed on the Seed Project as mentioned in note 4 above, a planning application (Application No. A/K15/129) under Section 16 of the Town Planning Ordinance for relaxing plot ratio restriction of the Seed Project has been lodged for seeking permission from the Town Planning Board. Broad development parameters underlying the aforesaid planning application are set out as follows:
 - relaxing domestic GFA and plot ratio of the Seed Project to 23,233.2 square metres and not more than 6 respectively; and
 - relaxing non-domestic GFA and plot ratio of the Seed Project to 5,037.7 square metres and not more than 1.301 respectively

As revealed from a letter issued by the Town Planning Board on 16 February 2024, the application for permission under Section 16 of the Town Planning Ordinance was approved by the Town Planning Board. The permission is valid until 26 January 2028 and is subject to the following conditions:

- the submission of a revised environmental assessment to address the potential air quality and noise impacts and industrial/residential interface environmental problems, and the implementation of the environmental mitigation measures identified therein for the proposed development to the satisfaction of the Director of Environmental Protection or of the Town Planning Board;
- the submission of a revised land contamination assessment and the implementation of the remediation measures identified therein prior to the commencement of the construction works for the proposed development to the satisfaction of the Director of Environmental Protection or of the Town Planning Board;
- the submission of a revised traffic impact assessment and the implementation of traffic mitigation measures identified therein for the proposed development to the satisfaction of the Commissioner for Transport or of the Town Planning Board;
- the design and provision of vehicular access, vehicle parking spaces, loading/unloading facilities and maneuvering spaces for the proposed development to the Commissioner for Transport or of the Town Planning Board; and
- the provision of a day centre for the elderly as proposed by the applicant to the satisfaction of the Director or Social Welfare or the Town Planning Board.

6. As provided in the Government leases namely Conditions of Grant No. 10928 of Yau Tong Inland Lot No. 30 and Conditions of Grant No. 10929 of Yau Tong Inland Lot No. 31 of the Seed Project, the land lots are subject to the following salient land grant conditions:
- no building or buildings shall be erected on the subject land lots except a factory or factories or a warehouse or warehouses or both, ancillary offices and such quarters as may be required for watchmen or caretakers are essential to the safety and security of the buildings;
 - the subject land lots or any buildings thereon or any part of them shall not be used for any purpose other than for industrial or godown purposes or both excluding any trade declared to be an offensive trade under the Public Health and Urban Services Ordinance or any enactment amending the same or substituted therefor;
 - no part of any structure erected or to be erected on the subject land lots shall exceed a height of 100 feet above the principal datum of Hong Kong; and
 - space shall be provided within the subject land lots for parking. Loading and unloading of vehicles (including containers on trailers with their prime movers) at the rate of not less than one vehicle for each 10,000 square feet or part thereof of gross floor area, excluding any floor area to be used for this purpose of any building erected on the land lots or at the rate of not less than one vehicle for each 5,000 square feet or part thereof of the site area, whichever rate provides the greater amount of such space. Of the space provided for parking, loading and unloading, one half shall be used for the parking of private cars and light vans and the remaining space for parking, loading and unloading of lorries (at least one of them is container on a trailer with its prime mover).
7. Subject to the prevailing land grant conditions as mentioned in note 6 above, relevant applications to the Lands Department are required for modification of land grant conditions or issuing of new Government land lease with terms and conditions aligning with the proposed redevelopment for residential and commercial uses. Under the prevailing administrative policies, land premium as well as administrative fees may be charged by the Lands Department in undertaking such applications.
8. Our valuation of the Seed Project has been arrived at on the following basis:
- the existing industrial building of the Seed Project can be re-developed into a residential/commercial development with a total GFA of 30,074.69 square metres as per the board development parameters as mentioned in note 5 above;
 - the owner has completed all applications and obtained a valid land grant with a tenor of 50 years from the Government for undertaking the aforesaid redevelopment; and
 - all necessary land premium payment in associate with the application of the valid land grant has been settled in full.
9. In our valuation of the Seed Project adopting market approach, we have identified and made reference to relevant comparable land transactions based on the following selection criteria:
- Transaction time – within the past 12 months
 - Property location – within urban area conveniently accessible by mass transit railways
 - Land use – land parcel zoned for residential use by the Town Planning Department
 - Size – not less than 150 square metres such that standalone development into medium to high rise residential building is pragmatic

10. Given the above selection criteria, the following comparable land transactions meeting those criteria have been considered in our valuation. Their accommodation values (AV), being the price per square metre (m²) of developable GFA, have been adopted as quantitative benchmark for analysis purpose:

Comparable	1	2	3	4	5	6
Date of Transaction	21 Nov 23	8 Nov 23	26 Oct 23	13 Sep 23	28 Apr 23	13 Sep 23
Location	18 Sau Wa Fong	21-23 Apleichau Main Street	21-24 Chiu Kwong Street	177-191 Tai Kok Tsui Road	45-63 Ting Fu Street	Muk Lai Street (New Kowloon Inland Lot 6590)
Distance from nearest railway station	400 metres from Wanchai Station	300 metres from Lei Tung Station	300 metres from Sai Ying Pun Station	750 metres from Olympic Station	500 metres from Ngau Tau Kok Station	750 metres from Kai Tak Station
Town Planning Zone	Residential (C)	Residential (A)2	Residential (A) 6	Residential (A) 1	Residential (A)	Residential (A) 6
Transaction Price (HK\$ Mil)	136.10	137.122	254.00	697.00	452.50	5,350.00
Site Area (m²)	312	170	277	836	706	13,499
Plot Ratio	5.00	8.89	9.68	9.00	9.00	6.83
Developable GFA (m²)	1,560	1,511	2,681	7,524	6,354	92,198
AV (HK\$/m² of GFA)	87,244	90,731	94,728	92,637	71,215	58,027
Source	Land Registry	Land Registry	Land Registry	Land Registry	Land Registry	Land Registry
Adjustment (%)	-30%	-25%	-30%	-25%	-15%	-10%
Adjusted AV ((HK\$/m² of GFA)	61,071	68,048	66,310	69,478	60,533	52,224

All the above comparable transactions are meeting the aforesaid selection criteria in term of transaction time, location, land use and size. We believe that none of the transactions that meeting the selection criteria is excluded and the list of comparable transactions is full and exhaustive and analysis of them provides a general reference as to the market valuation of the Seed Project.

Adjustments to comparable land transactions are constituted by locational factor and time factor. Regarding location factor, it is submitted that land parcels situated closer to central business districts are priced higher than those situated further away. On the locational factor front, Comparable Nos. 1, 2, 3 and 4 are considered to be superior to the Seed Project such that downward adjustments on them are warranted whilst Comparable Nos. 5 and 6 are considered to be at par with the Seed Project such that no downward adjustment is necessary. Regarding time factor, it is observed that the residential sector of Hong Kong was experiencing market downturn over the past 12-month period as reflected by downward trend as exhibited by the price indices on private domestic property market released by the Rating and Valuation Department. Since all land comparable transactions were struck within 12-month period ahead of the Valuation Date, downward adjustments on all the comparables are warranted.

11. Based on the above analysis, the market value of the Seed Project is figured out as follows:

Adopted AV (A)	:	HK\$62,940 (<i>Note a</i>)
Developable GFA (B)	:	28,909m ² (<i>Note b</i>)
Market Value (A × B)	:	HK\$1,819,532,460
Round to	:	HK\$1,820,000,000

Notes:

- (a) The adopted AV represents the sample mean of the adjusted comparable AVs.
- (b) Developable GFA is the total GFA of 30,075m² of the redevelopment of the Seed Project net of the GFA of 1,166m² attributable to the elderly care centre to be provided within the redevelopment of the Seed Project.

BUSINESS DEVELOPMENT

Portfolio of Property Development Projects Upon Completion

Upon Completion, it is expected that the Remaining Group, through the Remaining WOP Group, will at least be interested in the following development land projects:

Location	Approximate site area (square feet)	Approximate gross floor area (square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Remaining WOP Group
Nos. 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui (“ Tai Kok Tsui Project ”)	6,800	61,500	Residential and commercial	2024	100%
Nos. 3-9 Finnie Street, Quarry Bay (“ Quarry Bay Project ”)	4,200	39,100	Residential and commercial	2026	100%
Nos. 17-23 Ap Lei Chau Main Street, 7-9 Ping Lan Street and 37-39 Shan Shi Street, Ap Lei Chau (“ Ap Lei Chau Project III ”)	6,600	68,800	Residential and commercial	2027	100%
Nos. 86A-86D Pokfulam Road (“ Pokfulam Project ”)	28,500	28,500	Residential	2024	70%
Nos. 120-130 Main Street, Ap Lei Chau (“ Ap Lei Chau Project I ”)	7,200	74,200	Residential and commercial	2025	50%
Nos. 34 and 36 Main Street, and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau (“ Ap Lei Chau Project II ”)	4,100	38,500	Residential and commercial	2025	50%
Nos. 26-48 Ming Fung Street, Wong Tai Sin (“ Wong Tai Sin Project I ”)	9,600	81,300	Residential and commercial	2025	50%

Location	Approximate site area (square feet)	Approximate gross floor area (square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Remaining WOP Group
Nos. 31-41 and 45 Fei Fung Street, Wong Tai Sin (“Wong Tai Sin Project II”)	10,400	93,700	Residential and commercial	2025	50%
Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok (“Ngau Tau Kok Project”)	5,200	46,300	Residential and commercial	2025	50%
Nos. 101 and 111, King’s Road, Fortress Hill (“Fortress Hill Project”)	12,400	131,600	Residential and commercial	2026	50%
Nos. 18-20 Sze Shan Street, Yau Tong (the Project, “Yau Tong Project”)	41,700	269,000	Residential and commercial	2028	50%

Based on the above, the Remaining WOP Group will have at least 50% control over 11 development land projects and will maintain full control over three of the 11 development land projects upon Completion. As at 30 September 2023, the carrying amount of the Remaining WOP Group’s properties under development was approximately HK\$4,945.9 million.

Business Model of the Asset Management Segment

The Remaining Group has commenced the provision of asset management services through WOP since 2019 and kept on deploying resources to strengthen the business. The Remaining WOP Group has formed joint ventures with different strategic partners in both residential developments and commercial investments to jointly develop suitable properties. By forming joint ventures with these strategic partners and leveraging the resources and networks in Hong Kong market, the Remaining WOP Group acts as the asset manager to manage the property development, sales and other operations of these joint ventures and also manages the assets on behalf of the capital partners. As the asset manager of the invested assets, the Remaining WOP Group earns fee incomes, 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 Remaining WOP Group’s joint venture partners have received their targeted capital returns. This business model allows the Remaining WOP Group to leverage the expertise and resources of its joint venture strategic partners in property development, while fully utilizing its own knowledge and expertise in property investment and asset management to generate sustainable management fee income as well as sharing the operating profits of the properties.

Set out below is the management discussion and analysis of the Remaining Group for the six months ended 30 September 2023 and each of the financial years ended 31 March 2023, 2022 and 2021, respectively. Following the Disposal, the Remaining Group will continue to carry out its existing businesses. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023 and the audited consolidated financial statements of the Group for each of the financial years ended 31 March 2023, 31 March 2022 and 31 March 2021, respectively.

1. FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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 interim report of 20 November, 2023, 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 interim report of 20 November, 2023, 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 interim report of 20 November, 2023, 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 interim report of 20 November, 2023, 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”[△] 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.

[△]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. 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 interim report of 20 November, 2023, 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".

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	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>64,200</u>	<u>20,515</u>
	5,929,937	5,909,450
Other loans repayable		
Within one year or on demand	<u>527,485</u>	<u>211,929</u>
Unsecured Notes (Note)		
Within one year or on demand	78,923	–
In the second year	<u>–</u>	<u>125,189</u>
	<u>78,923</u>	<u>125,189</u>
	<u><u>6,536,345</u></u>	<u><u>6,246,568</u></u>

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 HK\$ '000	Percentage to the Remaining Group's net assets %	Fair value gain/(loss) HK\$ '000	Interest income HK\$ '000	Dividend received HK\$ '000	As at 30 September 2023 HK\$ '000	As at 31 March 2023 HK\$ '000	Investment cost 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.

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 recruiting 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.

2. FOR THE YEAR ENDED 31 MARCH 2023

Financial Results

For the financial year ended 31 March 2023 (“**this Financial Year**” or the “**Year**”), the Group’s revenue and profit attributable to owners of the parent amounted to approximately HK\$3,603.5 million (2022: approximately HK\$1,856.0 million) and approximately HK\$12.8 million (2022: loss attributable to owners of the parent of approximately HK\$305.2 million), respectively.

Business Review

The Group’s revenue for the Year increased by approximately 94.1% to approximately HK\$3,603.5 million (2022: approximately HK\$1,856.0 million). 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 during this Financial Year.

Profit attributable to owners of the parent for the Year was approximately HK\$12.8 million as compared to the loss attributable to owners of the parent for the year ended 31 March 2022 of approximately HK\$305.2 million. This was primarily attributable to, among other things, (i) decrease

in impairment losses of debt investments, decrease in realised losses on disposal of debt investments, and decrease in fair value losses on financial assets at fair value through profit and loss, (ii) increase in gross profit resulting from delivery of property projects owned by the Group, and (iii) decrease in net fair value losses on investment properties, as partially offset by (a) decrease in share of profits from delivery of completed residential projects from joint ventures, (b) new additions of write down of properties held for sales and properties under development, (c) reduction in revenue from treasury operation, as well as (d) increase in finance costs arising from interest rates increment.

The Group recorded gross profit and gross profit margin of approximately HK\$1,059.6 million and 29.4% respectively for the Year (2022: approximately HK\$805.7 million and 43.4% respectively). The decline in gross profit margin was mainly due to a higher proportion of revenue recognised from the sale of properties during this Financial Year which gross profit margin was lower.

The Group recorded administrative expenses of approximately HK\$513.0 million for the Year (2022: approximately HK\$497.0 million). This remained stable and in control as compared with the year in 2022. Selling and distribution expenses were approximately HK\$452.9 million for the Year (2022: approximately HK\$274.6 million), and such increment was primarily attributable to the support services in relation to the increase in property sales. Finance costs were approximately HK\$288.4 million for the Year (2022: approximately HK\$207.6 million) and the increase was mainly due to the rising interest rate of the bank and other borrowings. The Group's average borrowing rate was 5.6% (2022: 3.8%).

Impairment losses on financial assets, net amounted to approximately HK\$38.6 million for the Year (2022: approximately HK\$256.9 million). The decrease was mainly due to the reduction of impairment losses of debt investments.

Other expenses amounted to approximately HK\$58.3 million for the Year (2022: approximately HK\$196.0 million). The decrease was mainly attributable to the decrease in realised losses on disposal of debt investments.

For the Year, fair value losses on financial assets at fair value through profit or loss, net of approximately HK\$13.1 million (2022: approximately HK\$93.6 million) were primarily because of the decrease in fair value losses on financial assets (mainly funds investment) at fair value through profit or loss.

For the Year, fair value losses on owned investment properties, net of approximately HK\$5.0 million (2022: approximately HK\$83.5 million) were mainly due to the decrease in net fair value losses on various investment properties located in Hong Kong and Mainland China.

During the year ended 31 March 2023, write-down of properties under development of approximately HK\$30.2 million was charged to profit or loss (2022: Nil), which was related to two properties under development located in Hong Kong.

During the year ended 31 March 2023, write-down of properties held for sale of approximately HK\$44.2 million was charged to profit or loss (2022: Nil), which was related to a commercial property held for sale in Hong Kong and two agricultural produce exchange markets in Mainland China.

Income tax of the Group mainly comprised of Hong Kong profit tax, PRC enterprise income tax and PRC land appreciation tax. During the Year, there was an income tax credit of approximately HK\$0.5 million as compared with an income tax expense amounted to approximately HK\$58.5 million for the year 2022. The major change was arising from the decrease in PRC income tax to approximately HK\$26.8 million for the Year (2022: approximately HK\$95.9 million). Such decrease in PRC income tax was mainly due to the decrease in sales of properties in the PRC from approximately HK\$418.6 million for the year 2022 to approximately HK\$169.0 million for the Year and no compensation from a litigation judgement for the Year (2022: approximately HK\$48.6 million).

The share of profits of joint ventures for the Year amounted to approximately HK\$317.3 million (2022: approximately HK\$425.1 million). The decrease was mainly due to the delivery of less property sales of two jointly developed property projects, namely “maya” and “Altissimo” during this Financial Year.

As of 31 March 2023, the Group’s net assets were approximately HK\$9,379.4 million (2022: approximately HK\$9,599.8 million). Its cash resources amounted to approximately HK\$1,749.0 million (2022: approximately HK\$1,962.8 million) including total cash and bank balances of approximately HK\$1,616.3 million (2022: approximately HK\$1,489.9 million) and short-term investments of approximately HK\$132.7 million (2022: approximately HK\$472.9 million). In aggregate, the total borrowings as of 31 March 2023 was approximately HK\$6,246.6 million (2022: approximately HK\$6,859.6 million) giving resulted in a net debt position for the Group (total borrowings less total cash and bank balances) of approximately HK\$4,630.3 million (2022: approximately HK\$5,369.7 million).

The Group regularly reviews its financial position and maintains a healthy cash balance to support the business 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”).

For the Year, property development segment recorded revenue and segment profit of approximately HK\$2,140.2 million and approximately HK\$147.4 million, respectively (2022: approximately HK\$418.6 million and approximately HK\$203.6 million, respectively). Revenue of approximately HK\$1,971.2 million were mainly contributed by the WOP Group for the Year (2022: Nil) because of the delivery of “The Met. Azure” project in which the WOP Group has a controlling stake during this Financial Year. For the Year, the Group’s property development business in the PRC (through the CAP Group) recorded revenue of approximately HK\$169.0 million (2022: approximately HK\$418.6 million). The decrease in revenue contributed from the CAP Group is mainly due to the delivery of less properties during this Financial Year.

In September 2022, Sky Admiral Limited, a wholly-owned subsidiary of WOP, entered into a sales and purchase agreement with Sky Plaza Limited, a wholly-owned subsidiary of a joint venture (in which the WOP Group holds 50% interest) (“APG JV”) with APG Strategic Real Estate Pool (“APG”) to sell the entire issued share capital and shareholder’s loan 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 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 annual report of 28 June, 2023, the foundation work is undergoing at the site.

The WOP Group is currently working on an urban redevelopment project with over 90% 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). 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 65,000 square feet, and the development projects are financed by both external banking facilities and internal resources.

The WOP Group is actively exploring different channels to increase its land banks, including public tenders and old building acquisitions. By doing so, the WOP Group is building a strong foundation for providing stable land resources for future development projects.

As at the date of annual report of 28 June, 2023, the WOP Group has a development land portfolio in Hong Kong 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 ^(Note 1)	4,200	39,100	Residential and Commercial	2026
Yau Tong Project ^(Note 2)	41,700	269,000	Residential and Commercial	2028

Notes:

1. Acquisition completed in June 2023
2. Acquisition completed in May 2023

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 2.7% to approximately HK\$657.7 million for the Year (2022: approximately HK\$676.1 million), of which annual revenue of approximately HK\$404.9 million was contributed from the operation of agricultural produce exchange markets of the CAP Group in the PRC; approximately HK\$163.9 million was contributed from the fresh market operations in Hong Kong, and approximately HK\$88.9 million was from revenue streams brought by butchery, vegetable and other retails businesses in this segment in Hong Kong. The decrease in revenue was mainly due to the expiration of leases of several fresh markets and the impact of COVID-19 pandemic situation on the fresh markets operations during this Financial Year. Segment result recorded a profit of approximately HK\$13.6 million (2022: approximately HK\$70.0 million) for the Year.

The Group has established a strong foothold in the fresh market and agricultural produce exchange market business over the past two decades. During this Financial Year, the Group managed a portfolio of around 600 stalls, operating under the brands of “Allmart” brand and “Day Day Fresh” in Hong Kong, covering a total GFA of over 150,000 square feet. The Group is focused on meeting the growing expectations of its customers by providing a more comfortable and spacious shopping environment, incorporating well-designed layouts, improvement works and high-quality management services. The Group is committed to strengthening its partnership with tenants and local communities by introducing effective marketing and promotion events that enhance the overall shopping experiences at its fresh markets. Looking ahead, the Group trends to identify high population density areas to establish fresh markets and mini fresh markets, which will enable it to expand its market presence and offer customers a wider range of quality products and services.

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

In May 2022, the Group 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, Wong Tai Sin, Hong Kong with an area under lease of approximately 1,282 square metres to the Group. The fresh market commenced its operation in the end of 2022. Please refer to the Company’s announcement dated 24 May 2022 for details.

With the current fresh market and agricultural produce exchange market business on a stable and established foundation, the Group also commenced its portfolio of self-owned fresh markets in Hong Kong through the joint ventures. As such, the WOP Group, in collaboration with these joint ventures, successfully acquired a retail podium located at Lake Silver in Ma On Shan and a commercial accommodation at The Parkside in Tseung Kwan O. By combining its expertise in property investment and fresh market operation, the Group is able to create strong synergy and unique business value in this segment.

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.

For the Year, the butchery business generated revenue of approximately HK\$65.9 million (2022: approximately HK\$58.4 million). The increase in revenue was mainly attributed to the additional new butchery stores opened during the Year, the Group believes that there is still strong demand for pork in local diets. The Group's well-established fresh market network can facilitate for rapid growth and a relatively low-risk development for this business.

In addition, the Group has extended its retail business to include fruit and vegetables retailing by partnership with different operators. While the revenue generated from this business is insignificant in this set up stage, the Group considers it is a rapidly growing business afterwards.

The Group, through the CAP Group, operates 11 agricultural produce exchange markets across five provinces in the PRC. These markets are located in Hubei Province, Henan Province, Guangxi Zhuang Autonomous Region, Jiangsu Province and Liaoning Province. Despite the rebound of the COVID-19 epidemic during the Year, the operation of the agricultural produce exchange markets was not significantly impacted, and the markets were able to continue its normal operation through the CAP Group's implementation of effective measures to mitigate the impact of COVID-19 on its market operations and ensure the continuity of its business. As a result, the CAP Group has established a strong presence in this industry through the markets across multiple provinces, which enables to sustain the development and expansion of its agricultural produce exchange market business in the future.

Property Investment

As at 31 March 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\$3,325.0 million (2022: approximately HK\$3,712.6 million).

During this Financial Year, the Group received gross rental income of approximately HK\$9.9 million (2022: approximately HK\$16.7 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**"). The Parkville Property is fully let as at the date of the annual report of 28 June 2023.

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 stories 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 annual report of 28 June 2023, 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 annual report of 28 June 2023, Lake Silver is fully let, while The Parkside has an occupancy rate over 90%.

As at 31 March 2023, the WYT Group owned 13 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 respect to the disposal of two properties which transactions were mentioned below and pending completion as of 31 March 2023). A majority of these properties were used as the retail shops under self-operating and franchise modes.

During the Year, the WYT Group completed the disposal of a property-holding company holding property situated at Ground Floor of Bowring Building, No. 14 Bowring Street, Kowloon, Hong Kong for a consideration of HK\$48.8 million on 22 March 2023. Please refer to the joint announcement dated 6 January 2023 of the Company and WYT for details of the property disposal.

On 6 February 2023, the WYT Group entered into a provisional sale and purchase agreement with an independent third party to sell a property-holding company holding a property 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 at a consideration of HK\$71.0 million, completion of which took place on 19 June 2023. This property was classified as assets held for sale as at 31 March 2023. Please refer to the joint announcements dated 6 February 2023 and 19 June 2023 of the Company and WYT for details of the property disposal.

On 21 March 2023, the WYT Group entered into a provisional sale and purchase agreement with an independent third party to sell 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 at a consideration of HK\$66.8 million, completion of which will take place on 30 June 2023. This property was classified as assets held for sale as at 31 March 2023. Please refer to the joint announcement dated 21 March 2023 of the Company and WYT for details of the property disposal.

As at 31 March 2023, the Group still held 8 second-hand residential properties with valuation of approximately HK\$44.1 million and the Group intends to continue identifying opportunities to dispose of these second-hand 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 Year, there was an encouraging improvement on the Group's pharmaceutical and health food products segment with revenue (sales to external customers) totaling approximately HK\$701.0 million (2022: approximately HK\$538.9 million), representing an increase of approximately 30.1%.

Chinese Pharmaceutical and Health Food Products

Revenue of the Chinese pharmaceutical and health food products segment significantly increased by approximately 24.3% to approximately HK\$618.4 million (2022: approximately HK\$497.6 million).

The fifth wave of the COVID-19 epidemic hit Hong Kong rapidly and fiercely, with the highly transmissible Omicron variant strain caused a turbulent epidemic phase in March 2022. This left many Hong Kong residents suffering from post COVID-19 symptoms, commonly known as Long Covid, which has resulted a strong demand for Chinese medicine practitioners' consultation services and health supplements. The WYT Group places the health of the customers at its top priority, and has recently activated online Chinese medicine practitioners' consultation services to facilitate proper treatment. Additionally, several campaigns were launched to help address Long Covid symptoms, resulting in high sales of most of the respiratory-related products.

Facing the difficulty of the COVID-19 epidemic, the WYT Group has still been taking steps to reinforce its position in the Angong Niu Huang Wan market by launching several new products, and has entered the cancer supplements segment. To more focus on the care and offer easier access of its products and services to the public, the WYT Group is continuing to enlarge its business through opening new retail outlets, listing in key drug stores, and investing in its online presence. These efforts are aimed at strengthening the accessibility and convenience of the WYT Group's products and services for customers, as well as increasing its visibility and reach.

Western Pharmaceutical and Health Food Products

Revenue of the western pharmaceutical and health food products has increased by approximately 100% to approximately HK\$82.6 million (2022: approximately HK\$41.3 million) and such increase is attributable to the WYT Group's solid foundation to strive for growth despite of the turbulent environment for the Year.

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 12 consecutive years, supported by the valuable sales and marketing strategies and activities. The WYT Group has persistently and successfully building up the effective Hong Kong trade channels on distributing "Luxembourg"-branded products.

“Pearl’s”, another key brand of the WYT Group, has been established leadership in mosquito repellent product category in Hong Kong market. The revenue of “Pearl’s” Mosquitout product range reached a satisfactory growth over last year.

In addition, to comply with PRC’s relevant regulations, the WYT Group has evolved various local distributors to accelerate the channel penetration of the “Madame Pearl’s” and “Pearl’s” brands into the PRC.

Because of the pandemic, the shift of consumer purchasing behavior from offline to online has been speeded 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 total cash and bank balances amounted to approximately HK\$2,274.3 million as at 31 March 2023, represented a decrease of approximately 6.4% from the balance of approximately HK\$2,429.9 million as at 31 March 2022. As at 31 March 2023, approximately, 47.6%, 19.4% and 33.0% of the liquid investments are the debt securities, equity securities and funds and other investments, respectively. And approximately HK\$1,616.3 million are total cash and bank balances.

Money Lending Business

As part of its treasury management business, the Group provides lending to third party customers, with the loans secured by various types of collateral, such as first-mortgage residential properties, commercial properties, industrial properties and etc., all located in Hong Kong. The Group has been very prudent and cautious in assessing potential loan applications, especially given the uncertain economic outlook. The Group’s credit committee is responsible for evaluating and approving loans within predetermined credit limits, and the Group has established credit control policies to govern the loan review and approval processes. Those policies focus on verifying the borrowers’ identity, repayment ability, and the quality of the asset to be pledged, which should help mitigate credit risks associated with the lending operations. Overall, the Group is able to manage its credit risks effectively and ensure the long-term stability and sustainability of its money lending business.

During the Year, the Group's lending business contributed revenue of approximately HK\$43.1 million (2022: approximately HK\$61.9 million), down by approximately 30.4%, mainly due to the drop in loan portfolio. The composition of the loan portfolio includes both individual and corporate customers. As at 31 March 2023, we had 44 (2022: 51) active loan accounts, gross loan balance of which were approximately HK\$277.8 million (2022: approximately HK\$461.3 million). Secured loans accounted for approximately 81.8% (2022: approximately 82.9%) while unsecured loans accounted for approximately 18.2% (2022: approximately 17.1%). At 31 March 2023, in terms of the loan balance, the top 5 customers of the money lending business accounted for approximately 48.8% (2022: approximately 53.9%) of the portfolio. The tenors of the loans ranged from 2 months to 120 months (2022: 3 months to 120 months). The weighted- average interest rates of secured loans were approximately 12.8% (2022: approximately 12.9%) per annum and that for unsecured loans were approximately 13.3% (2022: approximately 16.2%) per annum. At 31 March 2023, the loan-to-value ratio of the secured loans was approximately 66.7% (2022: approximately 70.3%) per annum which management considered to be a safe level. Impairment losses during the Year was amounted to approximately HK\$2.2 million (2022: approximately HK\$34.3 million) and such losses related primarily to the expected credit loss allowance arising as a result of delayed repayment. The drop in the size of our loan portfolio was a result of our more cautious approach in accepting potential applications during the risky environment.

Despite the uncertainties in economy environment, the Group strives to continuously monitor and review the clients' circumstances of its money lending business, with the goal of building 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 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, and promote fees upon reaching or exceeding certain target internal rate of return. These fees contributed a stable and recurring income to the WOP Group.

During this Financial Year, the WOP Group recorded fee income of approximately HK\$17.0 million (2022: approximately HK\$30.8 million). The decrease was mainly attributable to the reduction in acquisition fee.

In December 2022, the WOP Group has formed a new 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 known as "Pentahotel Hong Kong, Kowloon" which has a total gross floor area of approximately 285,000 square feet.

In addition to managing two commercial accommodation investments, Lake Silver and The Parkside, in which the WOP Group co-invested with KKR, the WOP Group has been engaged as the asset manager in new joint ventures in 2021, namely the Parkville JV and the Jumbo JV. The details of the managed assets can be referred to the above section “Property Investment”.

The WOP Group has partnered with APG 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.

The WOP Group is leveraging its expertise in asset management to secure its asset management income and explore strategic expansion opportunities for additional recurring income.

Liquidity and Financial Resources

As at 31 March 2023, the equity attributable to owners of the parent decreased by approximately 1.3% to approximately HK\$5,916.3 million (2022: approximately HK\$5,991.8 million). The Group’s total equity, including the non-controlling interests, decreased to approximately HK\$9,379.4 million (2022: approximately HK\$9,599.8 million) as at 31 March 2023.

As at 31 March 2023, the Group’s total assets were approximately HK\$18,387.1 million (2022: approximately HK\$20,056.4 million). Total cash and bank balances held amounted to approximately HK\$1,616.3 million (2022: approximately HK\$1,489.9 million) as at 31 March 2023. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK\$658.0 million (2022: approximately HK\$940.0 million) as at 31 March 2023, which is immediately available for use when in need.

As at 31 March 2023, the Group’s total debt amounted to approximately HK\$6,246.6 million (2022: approximately HK\$6,859.6 million), and the Group’s net debt to equity ratio (or the net gearing ratio) was approximately 49.4% (2022: approximately 55.9%).

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, and unsecured notes, less cash and bank balances, restricted bank balances and pledged deposits.

As at 31 March 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, loan receivable, and pledged deposit with carrying value of 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, Nil and approximately HK\$33.5 million, respectively (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, approximately 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 31 March 2023 amounted to approximately HK\$1,409.3 million (2022: approximately HK\$2,412.2 million) which was mainly attributed to its property development business. In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$110.9 million (2022: approximately HK\$43.3 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to HK\$450.8 million (2022: HK\$450.8 million) and were utilised to the extent of HK\$250.3 million as at 31 March 2023 (2022: HK\$360.9 million). Save as disclosed herein, the Group had no significant contingent liabilities as at 31 March 2023.

As at 31 March 2023, the Group provided guarantees with respect to loans in the amount of approximately HK\$36.1 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (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 principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach 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. Overall, these measures are expected to help the Group to maintain a strong financial position and mitigate financial risks.

As at 31 March 2023, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2023 <i>HK\$'000</i>	31 March 2022 <i>HK\$'000</i>
Bank loans repayable		
Within one year or on demand	2,964,731	3,044,945
In the second year	2,251,228	1,470,439
In the third to fifth year, inclusive	672,976	1,743,824
Beyond five years	20,515	36,984
	<u>5,909,450</u>	<u>6,296,192</u>
Other loans repayable		
Within one year or on demand	211,929	137,660
In the second year	—	206,230
	<u>211,929</u>	<u>343,890</u>
Unsecured Notes (Note)		
In the second year	125,189	—
In the third to fifth year, inclusive	—	219,497
	<u>125,189</u>	<u>219,497</u>
	<u><u>6,246,568</u></u>	<u><u>6,859,579</u></u>

Note: CAP has issued unsecured notes with maturity in 2024 (the “Unsecured Notes”) which are listed on the Stock Exchange by way of debt issue to professional investors only (stock code: 5755). As at 31 March 2023 and 31 March 2022, the Unsecured Notes in the principal amount of HK\$150 million and HK\$290 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.

Significant Investments Held, Material Acquisitions And Disposals Of Subsidiaries, And Future Plans For Material Investments Or Capital Assets

As at 31 March 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\$375.2 million and approximately HK\$282.8 million, respectively:

	As at 31 March 2023		For the year ended 31 March 2023			Fair value/carrying amount			
	Amount held	Percentage to the Remaining Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2023	As at 31 March 2022	Investment cost	
Notes	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
FVOCI:									
A. Equity investment	111,249	1.2%	(9,526)	–	2,498	111,249	209,417	164,273	
B. Bonds									
China South City Holdings Limited (“China South City”)	1	126,998	1.3%	12,941	19,133	–	126,998	132,446	162,398
Other bonds		136,934	1.5%	(52,298)	10,519	–	136,934	113,433	416,391
Subtotal		375,181	4.0%	(48,883)	29,652	2,498	375,181	455,296	743,062
FVPL:									
A. Equity investment		16,464	0.2%	(850)	–	3,621	16,464	2,597	17,279
B. Funds	2	209,903	2.2%	(17,516)	–	2,406	209,903	421,557	288,946
C. Bonds		49,510	0.5%	3,136	5,180	–	49,510	46,373	50,534
D. Others		6,936	0.1%	2,143	–	–	6,936	14,200	5,393
Subtotal		282,813	3.0%	(13,087)	5,180	6,027	282,813	484,727	362,152
Total		657,994	7.0%	(61,970)	34,832	8,525	657,994	940,023	1,105,214

As at 31 March 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.

The principal activities of the securities are as follows:

1. China South City is a company incorporated in Hong Kong with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (stock code: 1668). China South City and its subsidiaries are principally engaged in property development 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 Year, 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 annual report of 28 June, 2023. Please refer to the joint announcements 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 31 March 2023.
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 31 March 2023.

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

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 dollars and RMB. The Group’s revenue is mostly denominated in Hong Kong dollars and RMB, which matches the currency requirements of the Group’s operating expenses. For the time being, the Group does not have a foreign currency hedging policy.

The activities of the Group are exposed to foreign currency risks primarily due to its operation 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\$243.3 million (2022: gain of approximately HK\$132.7 million). The re-translation loss/gain was recognised in other comprehensive income/exchange reserve.

Employees and Remuneration Policies

As at 31 March 2023, the Group had 2,202 (2022: 2,145) employees, of whom approximately 43% (2022: 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

Hong Kong's real GDP expanded 2.7% year-on-year in the first quarter of 2023, recovering from a 4.1% contraction in the previous quarter. It was the first economic growth since the end of 2021, due mainly to the solid increase in private consumption and recovery of fixed investments. Hong Kong's seasonally adjusted unemployment rate lowered to 3.1% in the three months ended March 2023, from 3.3% in the previous three-month period. The labor market is expected to improve further, supported by the gradual normalisation of economic activities, recovering tourism sector, and the disbursement of the new batch of consumption vouchers.

On the other hand, there is significant increase in the 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 3.15% as at 31 March 2023, which was increased from 0.32% as at 31 March 2022.

Though the tension between the PRC and United States worsen, tight financial conditions, and an increasing pace of interest rate hikes remain constraints, the positive progress in border opening between Hong Kong and Mainland China, the continued improvement of the inbound tourism and domestic demand are expected to have steady and positive development as well as the major drivers of economic growth in 2023.

The WOP Group launched the pre-sales of "Larchwood" in August 2022. As at the date of annual report of 28 June 2023, more than 90% of the released units were sold. The luxury properties of Pokfulam Project is expected to be launched in the second half of 2023. In Hong Kong, with the border re-opened and new policies and measures formulated by the Government, the sales of the properties shall be boosted.

During the Year, the WOP Group has partnered with AG to acquire Pentahotel Hong Kong, Kowloon, which is a great opportunity for WOP to leverage its knowledge and expertise in property investment and asset management while generating sustainable management fee income and share of operating profit of the property. WOP's experience in real estate asset management, and its investment in the Pentahotel project, has paved the way for participation in the hospitality industry.

Further, the WOP Group is focusing to explore new investment opportunities, it will keep looking for collaboration with strategic partners and utilising its expertise to strengthen the asset management, property development, as well as property investment business. Meanwhile, ESG elements are added in the business operations.

The fresh market operations business operations have been profitable and generated positive cash flow over the past decades. However, it is facing more competition from the increasing number of other fresh markets and operators, as well as online shopping and delivery services. Additionally, the COVID-19 pandemic has had an impact on the business during this Financial Year. Despite these challenges, the Group continues to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in Hong Kong. The Group also focus on more resources and developing its retailing business, including mini supermarkets, butchery, fruit and vegetables, in order to strengthen its recurring income.

“Wai Yuen Tong” is a reputable pharmaceutical household brand that has been established for over a century. The outbreak of COVID-19 has led to an increase in consumer health awareness, and there is an expectation of a general increase in spending on Chinese medication and nutritional supplements to help fighting against the pandemic.

With the largest team of professional Chinese medicine practitioners in Hong Kong, the WYT Group will follow its motto “Preparing Medicine with Dedication, Growing Strong with Reputation”, and aims to expand its market share by opening both self-operated and franchised retail outlets in the PRC, Hong Kong, and Macau. Additionally, it will broaden its overseas footprints, and launch new products to meet the evolving needs of its customers. E-commerce will be a key development to support its consumers online in the coming year.

Looking ahead, the CAP Group aims to continue building a nationwide agricultural produce exchange network leveraging on its industry-leading position, replicable business model, advanced management system and IT infrastructure, and quality customer service.

The agricultural development is the PRC central government’s first priority policy for the next consecutive 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 to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities for agricultural products and improve regional cold storage infrastructure. Furthermore, the “Belt and Road Initiative” policy will be the main factor for the PRC economy’s overall growth and offer a sustainable way for the PRC on-going development.

The CAP Group is focusing on adopting an “asset light” strategy and exploring electronic trading platform development to capture new business opportunities and take advantage of technology advancement promoted by the PRC government’s data economy initiatives. At the same time, the CAP Group further expand its business scope to wet market and trading, in order to pursue with its leading position in the industry.

The CAP Group is confident that it will deliver long-term benefits to itself and its shareholders as a whole.

The year 2023 is expected to be a challenging year because of ongoing global economic uncertainties. The Group is taking a proactive approach to monitoring changes, risks and assets closely, and is committed to capturing every opportunity for its development and achieving solid returns to the shareholders. Meanwhile, the overall healthy financial position of the Group and the expected continued growth through its diversified business enables the Group to have a high degree of flexibility. The Group is confident that with its strategic investments, it will continue to achieve sustained growth and deliver long-term value to its stakeholders.

3. FOR THE YEAR ENDED 31 MARCH 2022

Financial Results

For the financial year ended 31 March 2022, the Group's revenue and loss attributable to owners of the parent amounted to approximately HK\$1,856.0 million (2021: approximately HK\$1,918.3 million (restated)) and loss of approximately HK\$305.2 million (2021: profit of approximately HK\$123.9 million), respectively.

Business Review

The Group's revenue for the year ended 31 March 2022 decreased by approximately 3.2% to approximately HK\$1,856.0 million (2021: approximately HK\$1,918.3 million (restated)). The revenue remained stable as compared to last financial year. Loss for the year was approximately HK\$252.8 million (2021: profit for the year of approximately HK\$101.8 million), representing a turnaround from profit to loss over last year, mainly due to, among other things, (i) an increase in realised losses on disposal of debts instruments at fair value through other comprehensive income, and an increase in impairment losses of debts instruments at fair value through other comprehensive income, (ii) a decrease in share of profit from joint ventures of the property development sector, (iii) the absence of subsidies for the year ended 31 March 2022 from the Employment Support Scheme under Anti-Epidemic Fund established by the Hong Kong government, as partly offset by the absence of the write-down of properties held for sale when compared to the Group's consolidated financial statements for the year ended 31 March 2021. The loss attributable to owners of the parent was approximately HK\$305.2 million (2021: profit of approximately HK\$123.9 million). The Group continues to maintain a strong financial position. As of 31 March 2022, the Group's net assets were approximately HK\$9,599.8 million (2021: approximately HK\$9,969.0 million). Its cash resources amounted to approximately HK\$1,962.8 million (2021: approximately HK\$2,471.9 million) including cash and bank balances of approximately HK\$1,489.9 million (2021: approximately HK\$1,730.3 million) and short-term investments of approximately HK\$472.9 million (2021: approximately HK\$741.6 million). In aggregate, the total borrowings as of 31 March 2022 was approximately HK\$6,859.6 million (2021: approximately HK\$7,172.0 million) giving the Group a net debt position (total borrowings less cash and bank balances) of approximately HK\$5,369.7 million (2021: approximately HK\$5,441.7 million). 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**”), following the acquisition in February 2020 of a controlling interest in China Agri-Products Exchange Limited (“**CAP**”, a non-wholly owned listed subsidiary of the Company and the shares of which are listed on the Stock Exchange with stock code: 149, together with its subsidiaries, collectively, the “**CAP Group**”) (the “**CAP Acquisition**”) by Wai Yuen Tong Medicine Holdings Limited (“**WYT**”, a non-wholly owned listed subsidiary of the Company 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 year ended 31 March 2022, property development segment recorded revenue and segment profit of approximately HK\$418.6 million and approximately HK\$198.8 million, respectively (2021: approximately HK\$534.4 million and approximately HK\$486.9 million (restated), respectively). No revenue in this segment was contributed by the WOP Group during the year ended 31 March 2022 because there is no delivery of property development projects in which the Group has a controlling stake during the year. Instead, revenue and profit from property sales for the WOP Group in this financial year were generated only from two jointly developed property projects, namely *maya* and *Altissimo*, and the share of sales recognition of the remaining units of these two projects during the financial year amounted to HK\$858.7 million (2021: HK\$3,343.8 million). During the year ended 31 March 2022, the Group’s property development business in the PRC (through the CAP Group) recorded revenue of approximately HK\$418.6 million (2021: HK\$233.2 million). The increase in revenue contributed from the CAP Group is mainly due to the delivery of more properties during the year.

maya

“*maya*” is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project is co-developed by the WOP Group and CIFI Holdings (Group) Co. Ltd. (“**CIFI**”). The WOP Group holds a 50% stake in the project and is responsible for project management. 323 out of 326 units have been sold with an aggregated contracted sales amounted to approximately HK\$4.2 billion as at the date of the annual report of 28 June 2022.

Altissimo

The residential project, *Altissimo*, located at No. 11 Yiu Sha Road, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers since the fourth quarter of 2020. 528 out of 547 units have been sold with an aggregated contracted sales amounted to approximately HK\$6.2 billion as at the date of the annual report of 28 June 2022. The WOP Group owns 40% equity interest in this property development project.

Pokfulam Project

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

The Met. Azure (Tsing Yi residential project)

The WOP Group's new residential property in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) namely, The Met. Azure, was launched in August 2021. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. 280 out of 320 units released have been sold with contracted sales of approximately HK\$1.4 billion. The units are expected to be delivered in the second half of 2022.

Ap Lei Chau Project I

In July 2020, the WOP Group has successfully acquired a new redevelopment site located at Nos. 120-126, Main Street, Ap Lei Chau. The site is adjacent to Lei Tung MTR Station. The total attributable gross floor area ("GFA") upon redevelopment is approximately 37,100 square feet. Foundation work is currently undergoing at the site. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" for details.

Ap Lei Chau Project II

In June 2021, the WOP Group has successfully completed the acquisition of the full ownership of a site located at Nos. 34 and 36 Main Street, Ap Lei Chau, and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong. The site area and gross floor area is approximately 4,100 square feet and 38,500 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" of this "Management Discussion and Analysis" for details.

Wong Tai Sin Project I

In September 2021, the WOP Group successfully completed the acquisition of a site located at Nos. 26-48 Ming Fung Street, Wong Tai Sin through compulsory sales. The site area and gross floor area are approximately 9,600 square feet and 81,000 square feet, respectively. This project will be redeveloped as part of "The Met." series and the demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed "Formation of joint venture and disposal of interest of certain projects to the joint venture" of this "Management Discussion and Analysis" for details.

Wong Tai Sin Project II

In February 2022, the WOP Group has acquired full ownership of the site located at Nos. 31-41, Fei Fung Street, Wong Tai Sin, Kowloon through compulsory sales. It will be redeveloped with the adjacent site, No. 45 Fei Fung Street and 110 Shatin Pass Road, as one of “The Met.” series. The total site area and gross floor area are approximately 10,400 square feet and 93,700 square feet, respectively. The demolition work is now underway. The project was transferred to a joint venture during this financial year. Please refer to the section headed “Formation of joint venture and disposal of interest of certain projects to the joint venture” of this “Management Discussion and Analysis” for details.

Fortress Hill Project

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

Tai Kok Tsui Project

In January 2021, the WOP Group has successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui through compulsory sales. The gross floor area is approximately 61,500 square feet and the site is currently under foundation work. This project will be redeveloped as part of “The Met.” series. The pre-sales are expected to be commenced in the third quarter of 2022.

Ngau Tau Kok Project

In February 2022, the WOP Group has also completed the acquisition of the site located at Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon, Hong Kong, with a total gross floor area of approximately 46,000 square feet. This project will be redeveloped as part of “The Met.” series. The demolition work will commence in the third quarter of 2022. The project was transferred to a joint venture subsequent to the end of this financial year. Please refer to the section headed “Formation of joint venture and disposal of interest of certain projects to the joint venture” of this “Management Discussion and Analysis” for details.

Formation of joint venture and disposal of interest of certain projects to the joint venture

In November 2021, the WOP Group entered into a subscription and shareholders’ agreement (the “**Transaction**”) with the Stichting Depositary APG Strategic Real Estate Pool (“**APG Partner**”). After the subscription of share, a new joint venture company (the “**APG JV**”) is formed to engage in acquisition of residential properties in Hong Kong for development and redevelopment for sales. The

WOP Group has 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-controlled entity of the WOP Group and its financial results are equity accounted for in the Group's consolidated financial statements. The WOP Group considers the cooperation with the APG Partner presents a good opportunity to leverage on the WOP Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand the business. Four wholly-owned projects of the WOP Group, namely (i) Nos. 120-126, Main Street, Ap Lei Chau, (ii) Nos. 34 and 36 Main Street, Ap Lei Chau, and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, (iii) Nos. 26-48 Ming Fung Street, Wong Tai Sin, and (iv) Nos. 31-41 and 45, Fei Fung Street, Wong Tai Sin, and 110 Shatin Pass Road, Wong Tai Sin, were sold to the APG JV before the end of this financial year. Such disposals constituted a very substantial disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and they were approved by the shareholders of the Company in December 2021. Further details of such disposals were set out in the Company and WOP's joint announcement and the circular of the Company dated 8 November 2021 and 8 December 2021, respectively.

In February 2022, City Arise Limited ("**City Arise**"), a wholly-owned subsidiary of the WOP Group, entered into a sales and purchase agreement (the "**Sales and Purchase Agreement**") with the APG JV to sell the entire issued share capital and shareholder's loan of True Promise Limited ("**True Promise**") at a consideration of approximately HK\$490.7 million. True Promise is a wholly-owned subsidiary of the WOP Group and the sole owner of the site located at Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon. On 11 April 2022, City Arise entered into a supplemental agreement with the APG JV and Delight Venture Limited ("**Delight Venture**"), a wholly-owned subsidiary of the APG JV to amend and supplement the Sale and Purchase Agreement, pursuant to which the APG JV agreed to novate and Delight Venture agreed to assume all rights and obligations of the APG JV in and under the Sale and Purchase Agreement. Please refer to the Company and WOP's joint announcement dated 18 February 2022 and the circular of the Company dated 20 April 2022 for details. This transaction was completed on 11 May 2022.

Other projects

The WOP Group is currently in possession of 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 GFA upon redevelopment is approximately 334,000 square feet.

All the development projects are financed by both external banking facilities and internal resources.

As at 28 June 2022, the WOP Group had a development land portfolio in Hong Kong (which is being held through the WOP Group) 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
The Met. Azure (Tsing Yi residential project)	14,400	90,000	Residential and Commercial	2022
Ap Lei Chau Project I	3,600	37,100	Residential and Commercial	2024
Ap Lei Chau Project II	4,100	38,500	Residential and Commercial	2025
Tai Kok Tsui Project	6,800	61,500	Residential and Commercial	2024
Wong Tai Sin Project I	9,600	81,000	Residential and Commercial	2025
Wong Tai Sin Project II	10,400	93,700	Residential and Commercial	2025
Ngau Tau Kok Project	5,200	46,000	Residential and Commercial	2025
Fortress Hill Project	12,400	129,400	Residential and Commercial	2026

Fresh Markets and Agricultural Produce Exchange Markets

The fresh market and agricultural produce exchange market business segment recorded an increase in revenue by approximately 3.3% to approximately HK\$676.1 million for the year ended 31 March 2022 (2021: approximately HK\$654.5 million), of which annual revenue of approximately HK\$417.3 million was contributed from the operation of agricultural produce exchange markets of the CAP Group in the PRC; approximately HK\$192.9 million was contributed from the fresh market operations in Hong Kong and revenue streams brought by butchery, vegetable and other retails in Hong Kong of approximately HK\$65.9 million. The increase in revenue was mainly attributable to the appreciation of Renminbi (“RMB”) against Hong Kong dollar during the year ended 31 March 2022 and the CAP’s produce exchange markets (in particular the Wuhan Baisazhou Agricultural and By-Product Exchange Market (the “**Wuhan Baisazhou Market**”)) have been restored and rebounded from the effect of COVID-19 pandemic situation during the year ended 31 March 2022. Moreover, there was expiry of leases in respect of certain Hong Kong fresh markets, namely King Lam, Lei Tung and Lei On, during this financial year have partly offset the increase in revenue. Segment result recorded a profit of approximately HK\$53.8 million (2021: approximately HK\$24.8 million) for the year ended 31 March 2022.

The Group’s fresh market and agricultural produce exchange market business has been built over the past two decades. During the financial year, the Group managed a substantial portfolio of approximately 600 stalls under the “Allmart” brand and “Day Day Fresh” brands of fresh markets in Hong Kong with a GFA of over 150,000 square feet. In order to meet rising customer expectation, 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 continued to locate high population density areas to set up fresh markets and mini fresh markets.

In February 2021, Wang On Majorluck Limited (the “**Operator**”), an indirect wholly-owned subsidiary of the Company, received a letter from the Hong Kong Housing Authority indicating its agreement to lease a tender of proposal in respect of a fresh market located at G/F, Choi Fook Estate Phase 3, Kowloon, Hong Kong with an area under the lease of approximately 12,196 square feet to the Operator. The fresh market commenced its operation in September 2021.

In April 2022, the Group was informed by the 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, their agreement to renew the market for a term of three (3) years commencing and including 8 December 2021. Please refer to the Company’s announcement dated 14 April 2022 for details.

In May 2022, the Operator received a letter from the Hong Kong Housing Authority indicating that the Hong Kong Housing Authority agrees to lease a tender of proposal in respect of 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 the Operator. The fresh market will commence its operation in the second half 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 with Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”) 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 WOP Group has 50% equity interest in each project. 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.

The Group's butchery business continued to have a strong cash flow and steady operating profit. For the year ended 31 March 2022, the butchery business generated revenue of approximately HK\$58.4 million (2021: approximately HK\$77.3 million). The reduction in revenue was mainly due to the easing of the COVID-19 pandemic situation and more dining-out activities during the financial year which reduced domestic consumption of meat.

The Group believes that the demand for pork in local diets, combined with the Group's well established fresh market network, can allow for rapid growth and a relatively low-risk development for this business. The Group's target is to continuously expand its butchery business and optimising the operation platform of fresh market and butchery business so as to maximise synergies. As at 31 May 2022, 15 butchery stores were in operation.

During the year, the Group had extended its retail business to fruit and vegetables retailing by partnered up with different operators. The revenue so far is insignificant but the Group considered it is a rapid growing business after the setting up of the platforms.

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

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

The Group, through CAP, operates 11 agricultural 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, Guangxi Zhuang Autonomous Region, Jiangsu Province and Liaoning Province of the PRC. During the Year, 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 could reach 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 operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City with a site area of approximately 310,000 square metres and is one of the most notable agricultural produce exchange markets in Hubei Province. In 2021, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets in the PRC by China Agricultural Wholesale Market Association.

Property Investment

As at 31 March 2022, the Group owned investment properties in Hong Kong comprised of commercial, industrial and residential units with a total carrying value of approximately HK\$534.2 million (2021: approximately HK\$1,057.6 million).

During the financial year, the Group received gross rental income of approximately HK\$16.7 million (2021: approximately HK\$48.7 million).

In June 2021, the WOP Group and three independent third parties formed a new joint venture group (the “**Parkville JV**”), of which the WOP Group owns 64% of equity interest. The other three partners are independent third parties to the Group and all their ultimate beneficial owners are experienced investors, namely Mr. Chiu Lon Ronald, Mr. Bryan Taft Southergill and Mr. Choi, Raymond Yat-Hong. The Parkville JV acquired 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and the first floor of THE PARKVILLE, No. 88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (the “**Parkville Property**”) for a consideration of HK\$300.0 million. The Parkville Property has a total gross floor area of 13,858 square feet and is situated at Tuen Mun Heung Sze Wui Road intersecting Luk Yuen Road. It enjoys excellent traffic access from one of the busiest roads with well-developed neighborhood. The only 3-minute walk from Tuen Mun MTR Station, Tuen Mun Light Rail Station, Tuen Mun commercial centre, transportation hub with cross border coach terminal and the affiliated large scale shopping mall via footbridge further brings vibrancy and creates prosperity around the property. The Parkville JV will further refurbish the Parkville Property to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increase the future rental value, thereby enhancing the future capital appreciation. Details of this transaction are set out in the joint announcements published by the Company and WOP dated 30 March 2021 and 21 June 2021, respectively.

In September 2021, the WOP Group partnered with an independent third party, Jumbo Holding (BVI) L.P. (“**Jumbo Holding**”), to form a joint venture in which the WOP Group owns 50% equity interest upon completion of share subscription by Jumbo Holding (the “**Jumbo JV**”), to acquire eight stories of carpark podium of Jumbo Court, No. 3 Welfare Road, Aberdeen, Hong Kong (the “**Jumbo Property**”) for a consideration of HK\$410.3 million. Jumbo Holding is a limited partnership established in the British Virgin Islands, with its general partner, AGR X Asia Member GP, L.L.C., being managed by Angelo, Gordon & Co, L.P. (“**AG**”), a well-known U.S. licensed investment manager. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is about a few minutes walking distance from the Wong Chuk Hang MTR Station. Given its proximity to major residential developments and the MTR comprehensive development above the Wong Chuk Hang MTR Station which is scheduled to provide approximately 3.9 million square feet of residential gross floor area in 5,200 units and 510,000 square feet of retail space, it is expected that the Jumbo Property could meet the huge demand for parking spaces once the comprehensive development is completed in phases. The Jumbo JV will renovate the Jumbo Property to optimise the rental return and enhance the capital appreciation. Details of this transaction are set out in the joint announcement published by the Company and WOP dated 23 September 2021.

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

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

In July 2021, a subsidiary of the WYT Group entered into a provisional sale and purchase agreement with an independent third party to sell the retail shop at Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road at a consideration of HK\$28.4 million and the transaction was completed in November 2021.

As at 31 March 2022, the Group still held 9 secondhand residential properties with valuation of approximately HK\$52.3 million and the Group will continue to identify opportunities to dispose of these secondhand residential properties.

The Group has various interests in joint ventures which are principally engaged in property investment and property development. To assess the recoverability of these investments, the Group has engaged independent valuer to assess fair value of the underlying assets. With reference to the fair value, the directors determined that the Group's interests in these joint ventures were fairly stated and no impairment has to be considered.

Pharmaceutical and Health Food Products Business

The WYT Group is a pharmaceutical group focusing on manufacturing and/or retailing of pharmaceutical and health food products. The year under review was a challenging year for the Group's pharmaceutical and health food products segment with revenue totaling approximately HK\$538.9 million (2021: approximately HK\$474.7 million), representing an increase of approximately 13.5%. The GDP of Hong Kong for 2021 increased by 6.4% over 2020 and Hong Kong had seen its first positive retail growth in early 2021 after 2 years drop since 2019. Yet the economic recovery remained uneven. The improving trend ended in the first quarter of 2022 when Omicron began to spread rapidly during Chinese New Year. Nevertheless, the improving labor market and the launch of consumption voucher scheme ("CVS") during the year stimulated the consumption sentiment.

Chinese Pharmaceutical and Health Food Products

Total sales of the Chinese pharmaceutical and health food products increased by approximately 10.8% to approximately HK\$497.6 million (2021: approximately HK\$449.0 million). The WYT Group continued to promote and develop a series of traditional Chinese medicine (“TCM”) healthcare products for common diseases of urban people. Stroke prevention supplementation is a fast growth market in Hong Kong in which “Wai Yuen Tong” has three series of TCM products to cover the market: namely Angong Niu Huang Wan, Angong Zaizao Wan and Angong Jiangya Wan. The series is registered in Hong Kong according to ancient prescriptions or nationally recognised prescription and its whole production process is carried out at our Good Manufacturing Practice (“GMP”) or The Pharmaceutical Inspection Co-operation Scheme (“PIC/S”) factory in Yuen Long, Hong Kong. In the existing pandemic situation, Angong Niu Huang Wan is considered as good health supplement and has become more popular in the market.

During the year, the WYT Group adopted a proactive marketing strategy to attract more consumers to utilise their CVS for our products. Corporate branding television advertisement, television program interviews and infotainment have been strategically placed to promote our largest TCM practitioner team in Hong Kong and to build in-depth understanding on our brand. Wai Yuen Tong’s business models to drive sales through TCM consultation by our professional practitioners was finally proven effective when satisfactory sales were obtained at the time Omicron hit hard Hong Kong in February and March 2022. Such success was also attributable to the continued efforts in supporting traditional Chinese medical science by the PRC Government, and the continued successful cases in curing COVID-19 patients in Mainland hospitals.

The WYT Group targeted better cost efficiency through further optimisation of its retail sales network and distribution channels. By the end of the financial year, the WYT Group had 69 retail outlets in Hong Kong, including professional Chinese medicine clinics and outlets operate under self-operating and franchise modes. There are 63 retail shops affiliated with Chinese medical service as at 31 March 2022. The WYT Group also had 6 retail outlets in Macao as at 31 March 2022. The enhanced distribution network helps strengthen the Group’s sales and brand recognition. A strong network has been laid down for a sustainable growth in the future. We have been moving forward to secure trade customers portfolio that meet our key selection criteria of financial condition and sales abilities. “Wai Yuen Tong” brand is a reputable household name established over a century ago. We will continue to promote our brand value to maintain a leading market position in the Chinese pharmaceutical and health food product markets.

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

Continuous investment has been made in the diversification of sales channels. Apart from setting up its own e-shop via website at www.wyteshop.com (位易購), the WYT Group participated in the sale channel of other Hong Kong e-business website and set-up retail outlets in Hong Kong-China cross border e-shops, so that the Mainland customers could purchase our Hong Kong manufactured products directly through these e-shops.

Western Pharmaceutical and Health Food Products

Revenue of the Western pharmaceutical and health food products increased by approximately 60.7% to approximately HK\$41.3 million (2021: approximately HK\$25.7 million) and this should be attributable to the solid foundation of the business and the persistent efforts of the management in fending off challenges. The WYT Group has two major product series in this segment, namely “Madame Pearl’s” and “Pearl’s”. Madame Pearl’s is our brand for cough syrup while Pearl’s product series comprises MosquitOut spray, hand cream and itch-relief products. “Madame Pearl’s” achieved championship for a consecutive of twelve years in the sales of cough syrup in Hong Kong. The Pearl’s product series also has established leadership in mosquito repellent product category in Hong Kong.

During the financial year, the WYT Group placed substantial resources in revamping its Western pharmaceutical and health care product distribution channels in order to improve efficiency. In order to comply with Mainland China’s relevant regulations, the Group has engaged various local distributors to boost up the channel penetration of the “Madame Pearl’s” and “Pearl’s” brand into Mainland China. Moreover, in order to fulfill the sales demand, the Group has invested substantial resources to enhance the production capacity of Western pharmaceuticals in the WYT Group’s PICS/S GMP accredited manufacturing factory in Yuen Long. Our target is to uplift the current production lines to achieve annual production capacity of 10 million bottles of cough syrup. Moreover, the Group launched a range of hand disinfectant product, Germsout, under the brand “Pearl’s”. This product line consists of two antiseptic products with different alcohol-based formulations recommended by the World Health Organisation. Efficacy has been research-tested and is 99.9% effective in killing bacteria. The products are manufactured under the Group PICS/S GMP accredited manufacturing factory.

Treasury Management

During the financial year, the performance of the Group’s bond investments (which are classified under financial assets at fair value through other comprehensive income) was adversely affected by the unfavorable environment and liquidity issues of the PRC property developers which affected the high yield bond market for these PRC property developers. As at 31 March 2022, there was an increase in impairment losses for these unrealised bond investment holdings as compared to 31 March 2021. Such impairment losses were amounted to HK\$215.2 million (2021: reversal of impairment losses of HK\$7.0 million). To assess the recoverability of these bond investments, the Group has engaged independent valuers to assess the expected credit losses of these financial assets. With reference to the external credit ratings and the factors specified to each investment (including their historical and forward-looking Information) as of the reporting date, the directors determined that the Group’s interests in these investments were fairly stated and the impairment was considered

appropriate. Moreover, in order to manage risk and maintain a healthy liquidity, the Group has disposed of certain bond investments which resulted in realised losses of HK\$181.6 million (2021: gain on disposal of HK\$0.4 million). Such losses were also mainly due to the adverse market conditions of these high yield bonds.

The Group maintains a strong financial position. Liquid investments amounted to approximately HK\$940.0 million at 31 March 2022, represented a decrease of approximately 28.0% from the balance of approximately HK\$1,305.0 million as at 31 March 2021. The liquid investments represented approximately 31.1% of the debt securities, approximately 22.6% of equity securities, and approximately 46.3% of funds and other investments.

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 and 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 are 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 the Group maintains a cohesive and coordinated approach to monitor the operation and credit risks resulted from the lending business.

During the year ended 31 March 2022, the Group's lending business contributed revenue of HK\$61.9 million (2021: HK\$67.6 million), slightly down by 8.4%, mainly due to the drop in loan portfolio. The composition of our loan portfolio includes both individual and corporate customers. As at 31 March 2022, we had 51 (2021: 52) active loan accounts, gross loan balance of which were HK\$461.3 million (2021: HK\$525.5 million). Secured loans accounted for 82.9% (2021: 88.8%) while unsecured loans accounted for 17.1% (2021: 11.2%). At 31 March 2022, in terms of the loan balance, the top 5 customers of the money lending business accounted for 53.9% (2021: 50.6%) of the portfolio. The tenors of the loans ranged from 3 months to 120 months (2021: 3 months to 120 months). The weighted-average interest rates of secured loans were 12.9% (2021: 14.0%) per annum and that for unsecured loans were 16.2% (2021: 15.3%) per annum. At 31 March 2022, the loan-to-value ratio of the secured loans was 70.3% (2021: 72.9%) per annum which the management considered to be a safe level. Impairment losses during the year was amounted to HK\$34.3 million (2021: Reversal of impairment loss of HK\$7.4 million) and such losses related primarily to the expected credit loss allowance arising as a result of delayed repayment. The drop in 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 out a healthy and stable platform within our treasury management segment.

Asset Management

The Group, through WOP, commenced the provision of asset management services since 2019 and kept on deploying resources to strengthen the business.

The WOP Group has formed joint ventures with different strategic partners in both residential developments and commercial investments. By leveraging on its additional resources and networks in Hong Kong market and the WOP Group's expertise in construction management and asset management, the WOP Group also manages the assets on behalf of its capital partners of some of these joint ventures.

As the asset manager of the invested assets, the WOP Group earns asset management fee income, including, asset management fees, acquisition fees, renovation management fee, construction management fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the joint venture partners of the WOP Group having received their targeted capital returns. These asset management fee income provides a stable recurring income to the Group.

Other than managing two commercial accommodation investments, namely Lake Silver and The Parkside, which were co-invested with KKR in 2019, the WOP Group has been engaged as the asset manager of the new joint ventures during the year. Those joint ventures are the Parkville JV and the Jumbo JV. The details of the managed assets can be referred to the section headed "Fresh Markets and Agricultural Produce Exchange Markets" and the above section "Property Investment".

The WOP Group has also partnered with 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 year under review, the WOP Group recorded asset management fee income amounted to approximately HK\$30.8 million (2021: approximately HK\$24.7 million). The increase was mainly attributable to the new addition of assets under management.

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.

During the year, 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 reviewed and evaluated together with treasury management segment for management reporting purposes. Accordingly, the presentation of segment information for the year ended 31 March 2021 has been restated to reflect this change of segment composition.

Liquidity and Financial Resources

As at 31 March 2022, the equity attributable to owners of the parent decreased by approximately 6.9% to approximately HK\$5,991.8 million (2021: approximately HK\$6,438.1 million). The Group's total equity, including the non-controlling interests, decreased to approximately HK\$9,599.8 million (2021: approximately HK\$9,969.0 million) as at 31 March 2022.

As at 31 March 2022, the Group's total assets were approximately HK\$20,056.4 million (2021: approximately HK\$20,445.9 million). Total cash and bank balances held amounted to approximately HK\$1,489.9 million (2021: approximately HK\$1,730.3 million) as at 31 March 2022. The Group also maintained a portfolio of liquid investments with an aggregate market value of approximately HK\$940.0 million (2021: approximately HK\$1,305.0 million) as at 31 March 2022, which is immediately available for use when in need.

As at 31 March 2022, the Group's total debt amounted to approximately HK\$6,859.6 million (2021: approximately HK\$7,172.0 million). The Group's net debt to equity ratio (or the net gearing ratio) was approximately 55.9% (2021: approximately 54.6%) as at 31 March 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 31 March 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\$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, approximately HK\$141.5 million and approximately HK\$31.3 million (2021: approximately HK\$429.0 million, approximately HK\$1,956.7 million, approximately HK\$4,892.5 million, approximately HK\$1,145.0 million, approximately HK\$509.7 million, approximately HK\$15.7 million, HK\$103.7 million and HK\$nil) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2022 amounted to approximately HK\$2,412.2 million (2021: approximately HK\$829.0 million) which was mainly attributed to its property development business. In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$43.3 million (2021: approximately HK\$145.0 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to HK\$450.8 million (2021: nil) and were utilised to the extent of HK\$360.9 million as at 31 March 2022 (2021: nil). Save as disclosed herein, the Group had no significant contingent liabilities as at 31 March 2022.

As at 31 March 2022, the Group provided guarantees of approximately HK\$45.5 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2021: approximately HK\$56.8 million). Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

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

As at 31 March 2022, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2022 HK\$'000	31 March 2021 HK\$'000
Bank loans repayable		
Within one year or on demand	3,044,945	3,209,249
In the second year	1,470,439	1,061,028
In the third to fifth year, inclusive	1,743,824	2,090,872
Beyond five years	<u>36,984</u>	<u>217,271</u>
	6,296,192	6,578,420
Other loans repayable		
Within one year or on demand	137,660	60,090
In the second year	<u>206,230</u>	<u>202,270</u>
	343,890	262,360
Unsecured Notes (i)		
In the third to fifth year, inclusive	219,497	199,348
Convertible Notes (ii)		
Within one year or on demand	<u>–</u>	<u>131,901</u>
	<u><u>6,859,579</u></u>	<u><u>7,172,029</u></u>

- (i) CAP has issued unsecured notes with maturity in September 2024 (the “**Unsecured Notes**”) which are listed on the Stock Exchange by way of debt issue to professional investors only (stock code: 5755). As at 31 March 2022 and 31 March 2021, the Unsecured Notes in the principal amount of HK\$290 million remained outstanding.
- (ii) CAP issued convertible notes with the aggregate principal amount of HK\$500 million on 19 October 2016 which will mature on 18 October 2021 (the “**Convertible Notes**”), which entitle the holders thereof to convert into the ordinary shares of CAP (“**CAP Share(s)**”) at a conversion price of HK\$0.4 per CAP Share. On 9 December 2020, the CAP partially redeemed the Convertible Notes in the principal amount of HK\$130.0 million. On 18 October 2021, CAP fully redeemed the remaining principal amount of HK\$134.8 million upon its maturity. As at 31 March 2022, there were no outstanding Convertible Notes. During the financial year, no Convertible Notes were converted into shares of CAP by the holders of the Convertible Notes.

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

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

As at 31 March 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\$455.3 million and approximately HK\$484.7 million, respectively:

	As at 31 March 2022		For the year ended 31 March 2022			Fair value/carrying amount			
	Amount held	Percentage to the Remaining Group's net assets	Fair value gain/(loss)	Bond interest income	Dividend received	As at 31 March 2022	As at 31 March 2021	Investment cost	
Notes	HK\$ '000	%	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
FVOCI:									
A. Equity investment	209,417	2.2%	(28,189)	—	1,995	209,417	74,001	288,522	
B. Bonds									
China South City Holdings Limited ("China South City")	1	132,446	1.4%	(32,048)	4,402	—	132,446	162,289	166,474
Other bonds		113,433	1.2%	(438,545)	71,342	—	113,433	606,900	403,959
Subtotal		455,296	4.8%	(498,782)	75,744	1,995	455,296	843,190	858,955
FVPL:									
A. Equity investment		2,597	—	390	—	3,352	2,597	90,684	4,551
B. Funds									
Blackstone REIT fund	2	136,565	1.4%	16,207	—	2,459	136,565	—	120,357
Other funds		284,992	3.0%	(121,565)	—	31,931	284,992	351,717	397,481
C. Bonds		46,373	0.5%	(4,161)	—	—	46,373	15,564	50,534
D. Others		14,200	0.1%	15,523	—	—	14,200	3,864	5,393
Sub-total		484,727	5.0%	(93,606)	—	37,742	484,727	461,829	578,316
Total		940,023	9.8%	(592,388)	75,744	39,737	940,023	1,305,019	1,437,271

The principal activities of the securities are as follows:

1. China South City Holdings Limited (“**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 for subscription amounts of US\$11.5 million and US\$4.0 million respectively. Blackstone Real Estate Income Trust (the “**BREIT**”) is a non-listed, perpetual-life real estate investment trust that was established in 2017. It invests primarily in stabilized, income-generating U.S. commercial real estate. It follows an investment guideline of having at least 80% of its portfolio in real estate investments and up to 20% in real estate debt investments, cash and/or cash equivalents. It is managed by BX REIT Advisors L.L.C., an affiliate of the real estate group of The Blackstone Group Inc., which serves as the sponsor of the BREIT. The Blackstone Group Inc. is an American alternative investment management company based in New York whose shares are listed and traded on the New York Stock Exchange (NYSE: BX). Please refer to the joint announcement dated 19 July 2021 published by the Company and WYT for details.
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 31 March 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 31 March 2022.

Disposal of partial equity interest in a non-wholly owned subsidiary

On 18 June 2021, Century Choice Limited (“**Century Choice**”), an indirect wholly-owned subsidiary of CAP and a substantial shareholder (the “**PRC Shareholder**”) of 玉林宏進農副產品批發市場有限公司 (Yulin Hongjin Agricultural By-products Wholesale Marketplace Limited (“**Yulin Hongjin**”)) entered into an agreement in relation to the reduction of registered capital contribution of Century Choice in Yulin Hongjin. Pursuant to the agreement, the PRC Shareholder waived its entitlement to the 35% of dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 being RMB40.95 million and directed the same amount to be paid to Century Choice, and the amount of registered capital contribution by Century Choice in Yulin Hongjin was reduced by an amount equal to approximately RMB41.9 million. As a result of such reduction of registered capital contribution, the CAP Group’s equity interest in Yulin Hongjin was decreased from 65% to 51%. Accordingly, the Group’s effective interest in Yulin Hongjin was decreased from approximately 22.82% to approximately 17.91%. Details of the capital reduction were disclosed in the joint announcement published by the Company, WYT and CAP dated 18 June 2021.

Please also refer to the sections above headed “Property Development – Formation of joint venture and disposal of interest of certain projects to the joint venture” and “Property Investment” of this “Management Discussion and Analysis” above for details of other material acquisitions and disposals by the Group during the year under review.

Save as disclosed above, as at the date of the annual report of 28 June 2022, the Group has no future plan for material investments or capital assets.

Foreign Exchange

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

Employees and Remuneration Policies

As at 31 March 2022, the Group had 2,145 (2021: 2,102) employees, of whom approximately 43% (2021: approximately 41%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group’s as well as individual’s performances. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

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; and (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 close down or rental subsidies of 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

We believe 2022 will be a year with challenges and opportunities. The whole Hong Kong society and economy is adversely affected by the sudden outbreak of the COVID-19 pandemic since early 2022. Hong Kong real GDP contracted by 4.0% in the first quarter of 2022 on a year-on-year basis. Moreover, Hong Kong's unemployment rate rolling three-month figure from February to April 2022 climbed to a one-year high of 5.4% as stringent social-distancing curbs imposed at the height of the city's raging fifth Covid-19 wave took their toll on businesses.

In respect of the property development segment in Hong Kong, it is expected that the inflation pressure in Hong Kong is moderate and thus for the increment pace of interest rate. With the positive progress in border opening between Hong Kong and Mainland China, the property market is expected to have steady and positive development in 2022. The Group is cautiously optimistic on the property development market in Hong Kong. In August 2021, the Group launched the pre-sales of The Met. Azure. The performance was remarkable that all the units released for sales on the first day were sold

out on the same day. The project got the record high selling price per square feet in the district. Moreover, there will be a new development in Larch Street, Tai Kok Tsui and it is expected to be pre-sale in the third quarter of 2022.

During the year, the Group has invested in two new commercial projects, namely the Parkville Property and the Jumbo Property. Both projects were joint ventured with experienced investors and the Group has taken the role as asset manager. The Group will also focus on the asset management segment with the utilisation of expertise in asset enhancements and property development.

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

The fresh market operations have been a cash flow generating and profitable business over the past decades. Nevertheless, the environment for fresh market operations will become more competitive as the number of fresh markets and operators have increased and also as a result of the gradual acceptance of online shopping and delivery services. The unprecedented scale of COVID-19 pandemic affects the fresh market operation as citizens tended to hide from outdoors activities. While the Government continues to roll out easing measures to the tenants, it has reduced some pressure for these tenants. On the other hand, when the pandemic situation will become over sooner or later, the Group will continue to expand its fresh market portfolio by collaborating with landlords and identifying opportunities to acquire additional fresh markets in both public and private sectors in Hong Kong to strengthen its recurring income. Moreover, the Group will also devote more resources in developing retailing business and delivery services in these fresh markets.

Moreover, the Group, through CAP, operates 11 agricultural produce exchange markets across five provinces in the PRC. Such acquisition has significantly expanded the Group's presence in the fresh market and agricultural produce exchange market segment and the property development segment in the PRC. Looking ahead, the Group will continue to build a nationwide agricultural produce exchange network by leveraging its leading position in the industry, replicable business model, advanced management system and IT infrastructure and quality customer service. Agricultural development is the PRC central government's first priority policy for the next consecutive years. In December 2021, Notice by State Council Issuing the 14th Five Year Development Plan for the Digital Economy (No. 29 (2021) of the State Council) was published, which states that the transformation of industrial digitalisation was promoted steadily and agricultural digitalisation was built in a comprehensive manner. Moreover, in 2022, the document "No. 1 Central Document of 2022" was released by the Central Committee of Communist Party of China and the State Council of China. The document is aim at to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities of agricultural products and improve regional cold storage infrastructure. The Group will continue to capture new business opportunities by cooperating with partners to adopt an "asset light" approach and to leverage on the support and policies of the PRC Government. Given the Group's leading position on the market and dynamic business model, the Group is confident that it will deliver long-term benefits to the Group.

“Wai Yuen Tong”, a reputable pharmaceutical household brand, was established over a century ago. Subsequent to the outbreak of COVID-19, we believe that TCM plays an increasingly significant role in the fight against this global epidemic. Prevention comes before cure and consumer health awareness will be increased. Moreover, the fifth wave of the COVID-19 has made Hong Kong citizens much more concerns about the pandemic situation and it is expected that general increase in spending on Chinese medication and nutritional supplements to help fighting against the pandemic.

In order to maintain the WYT Group’s competitive advantage, it will strategically restructure, integrate retail outlets and build a team of experienced and well-trained Chinese medicine practitioners to serve its customers. The Group’s ambition is to build one of the largest teams of Chinese medicine practitioners in Hong Kong through WYT. Moreover, the WYT Group will accelerate the development of its Chinese medical consultation linking to TCM products in Mainland China and Macau which can diversify the risk of market uncertainty and explore markets beyond the elder age group in Hong Kong. The national policy for Guangdong-Hong Kong-Macau Greater Bay Area, as a key development area, provides a bright prospect for TCM development.

The Group will take advantage of the Guangdong-Hong Kong-Macau Greater Bay Area policy in order to broaden the distribution network and help strengthen the Group’s sales and brand recognition. The market for Chinese pharmaceutical medication and supplements manufactured in Hong Kong is expected to be expand rapidly in the next decade in the Guangdong-Hong Kong-Macau Greater Bay Area. The Government of Macau SAR has granted a subsidiary of WYT the import/export and wholesales license of medicine in Macau which allowed that subsidiary to sell directly in pharmacies/supermarkets/chain stores on a wholesale basis in Macau. Moreover, with the expected launch of the Chinese medicine hospital in Hong Kong in 2025, it is expected to set a new milestone for TCM in Hong Kong.

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

4. FOR THE YEAR ENDED 31 MARCH 2021

Financial Results

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

Business Review

The Group’s revenue for the year ended 31 March 2021 decreased by approximately 45% to approximately HK\$1,893.6 million (2020: approximately HK\$3,440.7 million). The reduction in revenue was mainly due to the decrease in property sales contributed from property development

projects with controlling stake. On the other hand, the share of profits of joint ventures has been increased significantly to HK\$594.8 million (2020: approximately HK\$28.1 million) mainly due to increase in property sales and profit contributed from jointly developed property projects during this financial year. Profit for the year was approximately HK\$101.8 million (2020: approximately HK\$784.3 million (restated)), representing a decrease of approximately 87.0% over last year, mainly due to the absence of the gain on bargain purchase arising from the acquisition of a controlling interest in China Agri-Products Exchange Limited (“CAP”, a non-wholly owned 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”) and the decrease in gain on disposal/redemption of debt investments at fair value through other comprehensive income.

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

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

Property Development

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

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

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

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

maya

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

Altissimo

The residential project, Altissimo, located at No. 11 Yiu Sha Road, Ma On Shan, is co-developed by the WOP Group, Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at 28 June 2021, 505 out of 547 units have been sold with an aggregated contracted sales amounted to approximately HK\$5.3 billion. Moreover, 474 units with an aggregate contract sales amounted to approximately HK\$4.4 billion have been delivered to buyers. The WOP Group owns 40% equity interest in this property development project.

Pokfulam residential project

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

The Met. Azure (Tsing Yi residential project)

The WOP Group's new residential property in Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. The land has the convenience of easy accessibility, being within only a several-minutes' ride to Tsing Yi MTR Station, and is also connected with major highways linked to Tsing Ma Bridge, Tai Lam Tunnel, and Ting Kau Bridge of Tuen Mun Road. It can be used for both commercial and residential development and is designed to provide a public transportation terminal (Public Light Bus Terminal). The project is wholly-owned by the WOP Group, of which pre-sale consent is pending for approval as of the date of the annual report of 29 June 2021.

Ap Lei Chau project

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

Fortress Hill project

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

Tai Kok Tsui project

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

Other projects

The WOP Group is currently in possession of three urban redevelopment projects with over 80% 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. The total attributable GFA upon redevelopment is approximately 175,000 square feet.

As at 28 June 2021, the Group had a development land portfolio in Hong Kong (which is being held through the WOP Group) as follows:

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

Fresh Markets and Agricultural Produce Exchange Markets

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

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

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

Along with the existing fresh market and agricultural produce exchange market business on a stable footing, the Group had 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 our expertise in property investment and fresh market operation shall deliver strong synergy to create unique business value to fuel further growth in this segment.

In October 2019, we entered into butchery business by capturing synergies with our existing fresh market operations. We will continue to seize suitable opportunities focusing on building a chain of butchery shops with a strong cash flow and steady operating profit. For the year ended 31 March 2021, the butchery business generated revenue of approximately HK\$77.3 million (2020: approximately HK\$33.5 million). The increase in revenue is mainly attributed to the effect of consolidation of this segment’s full year performance in the Group’s accounts during the current financial year, since the commencement of the Group’s butchery business during the second half of the last financial year. We believe that the demand for pork in local diets, combined with our well established fresh market network, can allow for rapid growth and a relatively low-risk development for this new business. Our target is to continuously expand the butchery stores and optimise the operation platform of fresh market and butchery business so as to maximise synergies. As at 31 May 2021, 11 butchery stores were in operation.

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

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

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

It is worth noting that Wuhan Baisazhou Agricultural and By-Product Exchange Market (the “**Wuhan Baisazhou Market**”), being one of the agricultural operations of the CAP Group, is one of the largest agricultural produce exchange operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City, the PRC with a site area of approximately 310,000 square metres and a total GFA of approximately 190,000 square metres. In 2020, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets in the PRC by China Agricultural Wholesale Market Association.

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

Property Investment

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

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

On 30 March 2021, the WOP Group and an independent third party (the “**Parkville Partner**”) formed a new joint venture group (the “**Parkville JV**”), in which the WOP Group owned 50%. The Parkville JV has entered into a preliminary agreement for sale and purchase on the same date (the “**Acquisition**”) with an independent third party in respect of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of The Parkville, No. 88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories for a consideration of HK\$300,000,000. On 21 June 2021, the WOP Group and the Parkville Partner entered into a supplemental binding term sheet with two independent third parties (the “**New Investors**”). Subject to the completion of the Acquisition and bank consent, the shareholdings of the WOP Group, the Parkville Partner and the

New Investors in the Parkville JV would become 64%, 30% and 6%, respectively. The Acquisition was completed on 25 June 2021. Details of the transaction were set out in the joint announcements of the Company and WOP dated 30 March 2021 and 21 June 2021.

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

Pharmaceutical and Health Food Products Business

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

Chinese Pharmaceutical and Health Food Products

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

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

We have been moving forward to secure trade customers portfolio that meet our key selection criteria of financial condition and sales abilities. “Wai Yuen Tong” brand is a reputable household name established over a century ago. We will continue to promote our brand value to maintain a leading market position in the Chinese pharmaceutical and health food product markets.

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

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

Western Pharmaceutical and Health Food Products

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

In December 2020, the National Medical Products Administration had approved the application by the WYT Group, for import into Mainland China children cough syrup products manufactured in our Yuen Long factory. We expect an improved demand for the children cough syrup products in Mainland China for the upcoming years.

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

Treasury Management

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

Liquidity and Financial Resources

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

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

As at 31 March 2021, the Group's total debt amounted to approximately HK\$7,172.0 million (2020: approximately HK\$6,205.0 million). The Group's net debt to equity was approximately 54.6% (2020: approximately 47.7% (restated)) as at 31 March 2021.

The net debt to equity ratio is calculated as the net debt divided by total equity. Net debt is calculated as a total of interest-bearing bank and other borrowings, unsecured notes and convertible notes, less cash and cash equivalents.

As at 31 March 2021, the Group's property, plant and equipment, investment properties, properties under development, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and loan receivable with carrying value of approximately HK\$429.0 million, approximately HK\$1,956.7 million, approximately HK\$4,892.5 million, approximately HK\$1,145.0 million, approximately HK\$509.7 million, approximately HK\$15.7 million and approximately HK\$103.7 million (2020: approximately HK\$449.6 million, approximately HK\$2,285.7 million, approximately HK\$3,448.4 million, approximately HK\$1,035.5 million, approximately HK\$743.3 million, approximately HK\$32.2 million and Nil) were pledged to secure the Group's general banking facilities.

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

As at 31 March 2021, the Group provided guarantees of approximately HK\$56.8 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2020: approximately HK\$63.5 million). Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

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

Debt Profile and Financial Planning

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

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

- (i) CAP has issued unsecured notes with maturity in September 2024 (the “**Unsecured Notes**”) which are listed on the Stock Exchange by way of debt issue to professional investors only (Stock code: 5755). As at 31 March 2021 and 31 March 2020, the Unsecured Notes in the principal amount of HK\$290 million remained outstanding.
- (ii) CAP issued convertible notes with the aggregate principal amount of HK\$500 million on 19 October 2016 which will mature on 18 October 2021 (the “**Convertible Notes**”), which entitle the holders thereof to convert into the ordinary shares of CAP (“**CAP Share(s)**”) at a conversion price of HK\$0.4 per CAP Share. During the financial year, no Convertible Notes were converted into CAP Shares by the Convertible Notes’ holders and on 9 December 2020, CAP has partially early redeemed the Convertible Notes in the principal value of HK\$130 million. As at 31 March 2021, the Convertible Notes with the outstanding principal amount of HK\$134.8 million was in issue and maximum number of CAP Shares issuable upon exercise of conversion rights is 337,000,000 CAP Shares.

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

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

As at 31 March 2021, the Group held financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVPL") of approximately HK\$843.2 million and approximately HK\$461.8 million, respectively:

	Notes	As at 31 March 2021		For the year ended 31 March 2021			Fair value/carrying amount		
		Amount held HK\$ '000	Percentage to the Remaining Group's net assets %	Fair value gain/(loss) HK\$ '000	Bond interest income HK\$ '000	Dividend received HK\$ '000	As at 31 March 2021 HK\$ '000	As at 31 March 2020 HK\$ '000	Investment cost HK\$ '000
FVOCI:									
A. Equity investment		74,001	1%	102,003	—	1,374	74,001	259,061	133,709
B. Bonds									
Zhongliang Holdings Group Company Limited	1	155,893	2%	(1,071)	20,622	—	155,893	211,076	155,080
China South City Yuzhou Group Holdings Co. Ltd.	2	162,289	2%	4,500	18,745	—	162,289	141,728	166,991
Others	3	92,510	1%	7,203	3,240	—	92,510	38,044	93,749
		358,497	4%	43,945	54,605	—	358,497	632,747	394,142
Subtotal		843,190	8%	156,580	97,212	1,374	843,190	1,282,656	943,671
FVPL:									
A. Equity investment		90,684	1%	(26,371)	—	111	90,684	32,783	84,078
B. Funds	4								
Rockpool Capital SPC ("RCS")		132,501	1%	15,686	—	—	132,501	175,150	135,842
Others		219,216	2%	1,920	—	2,546	219,216	68,249	217,257
C. Bonds		15,564	0%	(552)	2,071	—	15,564	32,180	15,500
D. Others		3,864	0%	(2,886)	—	—	3,864	6,220	5,392
Sub-total		461,829	5%	(12,203)	2,071	2,657	461,829	314,582	458,069
Total		1,305,019	13%	144,377	99,283	4,031	1,305,019	1,597,238	1,401,740

The principal activities of the securities are as follows:

1. Zhongliang Holdings Group Company Limited (“**Zhongliang**”) is a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange. Zhongliang and its subsidiaries are principally engaged in property development, property leasing, and providing property management services and management consulting services.
2. China South City Holdings Limited (“**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. China South City and its subsidiaries are principally engaged in property development, investment in integrated logistics and trade centers, residential and commercial ancillary facilities, property management, development, operations and maintenance of an E-commerce platform and provision of advertising, exhibition, logistics and warehousing services, outlet operations and other services.
3. Yuzhou Group Holdings Co. Ltd. (“**Yuzhou**”) is a company incorporated in the Cayman Islands with limited liability and whose shares are listed and trade on the Main Board of the Stock Exchange. Yuzhou and its subsidiaries are principally engaged in property development. The Company operates its businesses through five segments. The property development segment is engaged in the development and sale of properties. The property investment segment is engaged in the investment in properties for their rental income potential and/or for capital appreciation. The property management segment is engaged in the provision of property management services. The hotel operation segment is engaged in the operation of hotels. The others segment is engaged in other businesses.
4. On 18 April 2019, the Group executed the subscription forms in respect of the investment. The target underlying the investment is 25,000 Class C Shares with an initial net asset value of US\$25 million in a segregated portfolio of RCS. RCS is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, and is an open-ended investment vehicle. Subject to the restriction that any single position in the segregated portfolio shall not exceed 10% of the net asset value of the entire segregated portfolio, there are no limitations on the markets or instruments that the segregated portfolio may invest in, or the percentage of the segregated portfolio’s assets that may be committed to any region, market or instrument. Please refer to the joint announcement dated 18 April 2019 published by the Company and WYT for details. In October 2020, the Group redeemed approximately 9,060.13 Class C Shares of in the segregated portfolio of RCS.

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

Acquisition of additional shares in WYT

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

The CAP Acquisition

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

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

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

On 18 January 2021, the Court of First Instance in the High Court of Hong Kong (“**CFI**”) handed down a judgement in respect of the Baisazhou Acquisition, pursuant to which CAP is not required to make any payment under the instruments to Ms. Wang or Tian Jiu. The trials in the CFI were completed before the Acquisition Date, and the judgement was handed down within one year from the Acquisition Date, which is within the measurement period. As such, on completion of the fair value assessments, retrospective adjustments were made to the provisional amounts related to identifiable liabilities of the CAP Group recognised as of the Acquisition Date. Consequently, the Group’s consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and

the consolidated statement of cash flow for the year ended 31 March 2020, and certain explanatory notes have been restated to reflect these restatements. For details of the financial effects of the above, please refer to note 4 to financial statements of the annual report for the year ended 31 March 2021.

Easy One Financial Group Limited (“Easy One”) privatisation

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

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

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

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

Disposal of equity interest in a non-wholly owned subsidiary

Subsequent to the year ended 31 March 2021, on 18 June 2021, Century Choice Limited (“**Century Choice**”), a wholly-owned subsidiary of CAP and a substantial shareholder (the “**PRC Shareholder**”) of 玉林宏進農副產品批發市場有限公司 (Yulin Hongjin Agricultural By-products Wholesale Marketplace Limited (“**Yulin Hongjin**”)) entered into an agreement in relation to the reduction of registered capital contribution of Century Choice in Yulin Hongjin. Pursuant to the agreement, the PRC Shareholder waived its entitlement to the dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 in the amount of approximately RMB117 million and directed the same to be paid to Century Choice, and the amount of registered capital contribution by Century Choice in Yulin Hongjin was reduced by an amount equal to approximately RMB41.9 million. As a result of such reduction of registered capital contribution, the CAP Group’s equity interest in Yulin Hongjin was decreased from 65% to 51%. Details of the capital reduction were disclosed in the joint announcement published by, inter alia, the Company dated 18 June 2021.

Subscription of interest in a fund

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

Save as disclosed above, as at the date of the annual report of 29 June 2021, the Group has no future plan for material investments or capital assets.

Foreign Exchange

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

Employees and Remuneration Policies

As at 31 March 2021, the Group had 2,102 (2020: 2,037) employees, of whom approximately 41% (2020: approximately 38%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group’s as well as individual’s performances. The Group also provides a defined contribution to the Mandatory Provident Fund as

required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and retirement contributions in accordance with the statutory requirements for our staff in the PRC. The Group had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and such review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

Principal Risks and Uncertainties

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

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

We believe 2021 will be a year with challenges and opportunities. Hong Kong economy is still on its way to recovery, the real GDP is resuming appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. Moreover, the reduction in unemployment rate from January to March 2021 to 6.8% showed signs of recovery for the economy of Hong Kong. The Hong Kong Government has launched the free vaccination programme which is expected to help mitigate the COVID-19 pandemic situation and is expected to be conducive to the recovery of the local economy. Nevertheless, the economic recovery was uneven and overall

economic activity remained below the pre-recession level, as the pandemic, social distancing requirements and travel restrictions continued to weigh on certain economic segments. We believe that the performance of various segments of the Group will gradually be restored in different paces.

In respect of the property development segment in Hong Kong, the low interest rate environment and concrete demands on residential properties will continue to benefit the Hong Kong economy especially the residential property sector, which is expected to remain resilient over the long term. With the upmost opening of the pre-sales of The Met. Azure, the growth momentum and branding of the Group shall be escalated.

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

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

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

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

"Wai Yuen Tong", a reputable pharmaceutical household brand, was established over a century ago. Subsequent to the outbreak of COVID-19, we believe that TCM plays an increasingly significant role in the fight against this global epidemic. Prevention comes before cure and consumer health awareness will be increased. Moreover, decrease in mainland tourist visits and rigid industry policies may continue to curtail and negatively impact retail performance. Nevertheless, as the epidemic situation was largely under control with the successful development and launch of the free

vaccination programme, the recovery of the Mainland China economy also rendered support to our performance, the overall economic situation showed signs of stabilization gradually. The Group will continue to closely monitor the performance of its distribution channels and retail network.

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

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

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions in the Shares:

Name of Director	Number of Shares held, capacity and nature of interest				Total	Approximate percentage of the Company's total issued share capital (Note f) %
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang Ching Ho ("Mr. Tang")	28,026,339	28,026,300 (Note a)	1,017,915,306 (Note b)	4,989,928,827 (Note c)	6,063,896,772	42.80
Ms. Yau Yuk Yin ("Ms. Yau")	28,026,300	1,045,941,645 (Note d)	-	4,989,928,827 (Note e)	6,063,896,772	42.80

Notes:

- (a) Mr. Tang was taken to be interested in those Shares in which his spouse, Ms. Yau, was interested.
- (b) 486,915,306 Shares were held by Caister Limited (a company wholly-owned by Mr. Tang), 531,000,000 Shares were held by Billion Trader Investments Limited (a direct wholly-owned subsidiary of Loyal Fame International Limited (“**Loyal Fame**”), a direct wholly-owned subsidiary of Easy One Financial Group Limited (“**Easy One**”), a direct wholly-owned subsidiary of Caister Limited which is in turn wholly-owned by Mr. Tang).
- (c) Mr. Tang was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang’s Family Trust.
- (d) Ms. Yau was taken to be interested in those Shares in which her spouse, Mr. Tang, was interested.
- (e) Ms. Yau was taken to be interested in those Shares by virtue of being a beneficiary of Tang’s Family Trust.
- (f) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

Interest in the shares and underlying shares of associated corporations of the Company:

Name of Director	Name of associated corporation	Nature of interest	Total number of shares involved	Approximate percentage of the associated corporation’s total issued share capital (Note a) %
Mr. Tang	CAP	Interest of controlled corporation	5,682,514,594 (Note b)	57.09
Ms. Yau	WYT	Interest of controlled corporation	810,322,940 (Note c)	72.02
	WOP	Interest of controlled corporation	11,400,000,000 (Note c)	75.00

Notes:

- (a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) Pursuant to the disclosure of interests form published on the website of the Stock Exchange, among of the 5,682,514,594 shares of CAP, 2,007,700,062 shares of CAP were held by Onger Investments Limited (“**Onger Investments**”) and 3,674,814,532 shares of CAP were held by Rich Time Strategy Limited (“**Rich Time**”). Onger Investments was directly wholly-owned by Wang On Enterprises (BVI) Limited (“**WOE**”). WOE was directly wholly-owned by the Company.
- (c) 810,322,940 shares of WYT were held by Rich Time, which was wholly-owned by WOE. 11,400,000,000 shares of WOP were held by Earnest Spot Limited (a direct wholly-owned subsidiary of WOE).
- (b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed below, as at the Latest Practicable Date, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital <i>(Note c)</i>
Accord Power Limited (“ Accord Power ”) <i>(Note a)</i>	Beneficial owner – Tang's Family Trust	4,989,928,827	35.22
Alpadis Trust (HK) Limited <i>(Note b)</i>	Interest of controlled corporation – Trustee	4,989,928,827	35.22
Mr. Alain Esseiva <i>(Note b)</i>	Interest of controlled corporation	4,989,928,827	35.22

Notes:

- (a) Accord Power was indirectly wholly-owned by Alpadis Trust (HK) Limited in its capacity as the trustee of Tang's Family Trust. Accordingly, Alpadis Trust (HK) Limited was taken to be interested in those Shares held by Accord Power.
- (b) Alpadis Group Holding AG was held by ESSEIVA, Alain as to 91%. Accordingly, ESSEIVA, Alain was taken to be interested in those Shares in which Alpadis Group Holding AG was interested. TEO Wei Lee is the spouse of ESSEIVA, Alain and was therefore taken to be interested in those shares in which ESSEIVA, Alain was interested. Alpadis Trust (HK) Limited was the trustee of Tang's Family Trust. Alpadis Trust (HK) Limited was owned as to 20% by each of Eastwest Trading Ltd., Raysor Limited, AGH Invest Ltd., AGH Capital Ltd. and Alpadis Group Holding AG (each of Eastwest Trading Ltd., Raysor Limited, AGH Invest Ltd. and AGH Capital Ltd. was wholly-owned by Alpadis Group Holding AG).
- (c) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short position	Position with such companies
Mr. Tang	Accord Power	director

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

Mr. Tang, the chairman and an executive Director, is the sole ultimate beneficial owner of Easy One, which has been principally engaged in, among others, financing business since 2015, was considered to have an interest in business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Ms. Stephanie, an executive Director, is a director of Easy One and the daughter-in-law of Mr. Tang. Ms. Yau, the deputy Chairman and an executive Director, is the spouse of Mr. Tang.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

On 1 August 2023, the Company (as lessee) and Golden Maker Investment Limited (a company indirectly wholly-owned by Mr. Tang Ching Ho, a director of the Company, as lessor, "**Golden Maker**") entered into a leasing agreement for leasing a car for a period of 60 months from 1 August 2023 at a quarterly rental fee of HK\$40,000. On 6 September 2023, an indirect wholly-owned subsidiary of the Company (as purchaser), and Loyal Fame (as seller), a company indirectly wholly-owned by Mr. Tang Ching Ho (a director of the Company), entered into an agreement for disposal of 2,007,700,062 shares of CAP (being the then approximately 20.17% issued share capital of CAP) at the consideration of HK\$200 million. On 30 April 2024, Loyal Fame disposed 1 share (being one-third of the total issued share capital of Team Aid Limited, "**Team Aid**") of Team Aid at the consideration of HK\$340,000 to a wholly-owned subsidiary of the Company. Team Aid is the sole shareholder of Easy One Asset Management Services Limited (a corporation licensed by the Securities and Futures Commission to carry out Type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management)).

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The Group

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group which are or may be material:

- (a) a sale and purchase agreement dated 25 May 2024 (the “**Huai’an Disposal Agreement**”) entered into by Huai’an Qingjiangpu Rongfeng Agricultural Development Co., Ltd. as purchaser, Grandwick Limited (an indirect wholly-owned subsidiary of CAP) as vendor, Huai’an Hongjin Agricultural By-Products Logistics Co., Ltd. (an indirect wholly-owned subsidiary of CAP) as target company, and Huai’an Hongjin Qingjiang Agricultural and By-Products Wholesale Market Co., Ltd. as a subsidiary of the target company, pursuant to which the vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the target company at the initial consideration of approximately RMB28.9 million, subject to adjustments, the details of which are set out in the joint announcement of the Company and CAP dated 25 May 2024;
- (b) A provisional agreement dated 3 May 2024 entered into by Info World Investment Limited, an indirect wholly-owned subsidiary of WYT as vendor, Sure Express Corporation Limited, as purchaser and Midland Realty (Shops II) Limited as property agent and the formal agreement dated 30 May 2024 entered into between the vendor and the purchaser (the “**Shui Wo Street Agreement**”) in relation to, among other things, the sale and purchase of a property situated at Shui Wo Street, Kowloon, Hong Kong at the consideration of HK\$33 million, the details of which are set out in the joint announcement of the Company and WYT dated 3 May 2024;
- (c) the Sale and Purchase Agreement;
- (d) the Shareholders’ Agreement;
- (e) a transfer agreement dated 18 March 2024 (the “**Transfer Agreement**”) entered into between Twist Pioneer Limited (“**Twist Pioneer**”) (as seller), an indirect wholly-owned subsidiary of WOP, and Walter Asset Management Limited (“**Walter Asset**”) (as buyer) in relation to, among other things, the assignment and transfer by way of novation of all of the Twist Pioneer’s rights and obligations under the participation agreement dated 28 May 2021 between Lexus Sharp International Limited and Twist Pioneer to Walter Asset at a total consideration of US\$6.25 million, the details of which are set out in the joint announcement of the Company and WOP dated 18 March 2024;
- (f) a provisional sale and purchase agreement dated 1 March 2024 entered into between Grand Quality Development Limited (as vendor), an indirect wholly-owned subsidiary of WYT, Lee Wai Shing (as purchaser) and K&W Property Agency Limited (as property agent) and the formal sale and purchase agreement dated 17 May 2024 entered into between the vendor and the purchaser in relation to, among other things, the disposal of a property in Lee Wah Building, Nos. 738-740A Nathan Road, Kowloon, Hong Kong at a total consideration of HK\$41.0 million, the details of which are set out in the joint announcement of the Company and WYT dated 1 March 2024;
- (g) during the period from 2 February 2024 to 8 February 2024, the Group conducted open market transactions to dispose of an aggregate of US\$8.4 million of (i) 11.50% senior notes due 12 April 2024 (“**China South 11.50% Senior Notes**”) issued by China South City and (ii) 11.95% senior notes due 9 October 2024 (“**China South 11.95% Senior Notes**”) issued by

China South City, for a total consideration of approximately US\$3.8 million (excluding unpaid accrued interest), the details of which are set out in the announcement of the Company dated 8 February 2024;

- (h) on 1 February 2024 and 2 February 2024, Twist Pioneer, an indirect wholly-owned subsidiary of WOP, conducted open market transactions to dispose of an aggregate of US\$3.02 million of China South 11.50% Senior Notes and China South 11.95% Senior Notes for a total consideration of US\$1.3 million (excluding unpaid accrued interest) (the “**China South Notes Disposal I**”), respectively, the details of which are set out in the joint announcement of the Company and WOP dated 2 February 2024;
- (i) a provisional sale and purchase agreement dated 22 January 2024 (“**Yan Oi House Agreements**”) entered into between Sunbo Investment Limited (as vendor), an indirect wholly-owned subsidiary of WYT, Crown Mega Limited (as purchaser) and Centaline Property Agency Limited (as property agent) and the formal sale and purchase agreement dated 2 May 2024 entered into between the vendor and the purchaser in relation to, among other things, the disposal of a property in Yan Oi House, No. 237 Sha Tsui Road and Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories, Hong Kong, for a total consideration of HK\$38 million, the details of which are set out in the joint announcement of the Company and WYT dated 22 January 2024;
- (j) a provisional agreement for sale and purchase dated 21 November 2023 entered into between Ascend Progress Limited (as purchaser), Guidepost Investments Limited (“**Guidepost Investments**”) (as vendor), an indirect wholly-owned subsidiary of WYT, WYT (as seller’s guarantor) and Centaline Property Agency Limited (as property agent) and the formal agreement for sale and purchase dated 14 March 2024 (the “**Percival Street Agreements**”) entered into between the Seller and the Purchaser in relation to, among other things, the disposal of 2 shares of Oriental Sino Investments Limited (“**Oriental Sino**”), holding a property situated at Po Wing Building, Lee Garden Road and Percival Street, Hong Kong, and assignment of the loan owing by Oriental Sino to Guidepost Investments for a total consideration of HK\$100 million, the details of which are set out in the joint announcement of the Company and WYT dated 21 November 2023;

- (k) a sale and purchase agreement dated 8 September 2023 (the “**2023 September Sale and Purchase Agreement I**”) entered into between Viva Action Limited (“**Viva Action**”) (as vendor), an indirect wholly-owned subsidiary of WOP and Guidepost Investments (as purchaser), an indirect wholly-owned subsidiary of WYT in relation to, among other things, the disposal and acquisition of the entire issued share capital of Success Vision Limited (“**Success Vision**”, holding a property in Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong) and the assignment of loan owing by Success Vision to Viva Action for a total consideration of HK\$43.8 million (subject to adjustment), the details of which are set out in the joint announcement of the Company, WYT and WOP dated 8 September 2023 and the circulars of the Company, WYT and WOP dated 29 September 2023;
- (l) a sale and purchase agreement dated 8 September 2023 (the “**2023 Sale and Purchase Agreement II**”) entered into between Shining Sun Developments Limited (“**Shining Sun**”) (as vendor) and Guidepost Investments (as purchaser) in relation to, among other things, the disposal and acquisition of the entire issued share capital of Nice Treasure Limited (“**Nice Treasure**”, holding a property in Kam Po Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong) and the assignment of the loan owing by Nice Treasure to Shining Sun for a total consideration of HK\$35.0 million (subject to adjustment), the details of which are set out in the joint announcement of the Company, WYT and WOP dated 8 September 2023 and the circulars of the Company, WYT and WOP dated 29 September 2023;
- (m) an agreement dated 6 September 2023 entered into among WOE (as purchaser), a direct wholly-owned subsidiary of the Company, Loyal Fame (as seller), which is indirectly wholly-owned by Mr. Tang, and Mr. Tang (as seller’s guarantor) in relation to, among other things, sale and purchase of the entire issued share capital of Onger Investments (holding the then approximately 20.17% of the issued share capital of CAP) and all such sum of money due and owing by Onger Investments to Loyal Fame for a total consideration of HK\$200 million, the details of which are set out in the announcement of the Company dated 6 September 2023 and the circular of the Company dated 27 September 2023;
- (n) a formal agreement dated 19 June 2023 (the “**Formal Agreement**”) entered into between Wai Yuen Tong Medicine Company Limited (“**WYT Medicine**”) (as vendor), an indirect approximately 99.8%-owned subsidiary of WYT, Wang On (Nominees) Limited (“**Wang On (Nominees)**”) (as vendor), an indirect wholly-owned subsidiary of the Company, and Lo Yan Tik (as substitute purchaser) and Chen Ling (as substitute purchaser) (together, the “**Substitute Purchasers**”) (both as substitute purchasers) pursuant to the Formal Agreement in relation to the disposal by each vendor and the acquisition of one sale share of Billion Good Investment Limited (“**Billion Good**”) (representing 50% of the entire issued share capital of Billion Good) by each of the Substitute Purchasers and the assignment of the WYT Medicine’s benefits of the amounts representing 55% and 45% of the loan owing by Billion Good to WYT Medicine for a total consideration of HK\$71 million, the details of which are set out in the joint announcement of the Company and WYT dated 19 June 2023; and a provisional agreement for sale and purchase dated 6 February 2023 (together with the Formal Agreement, the “**2023 February Agreements**”) entered into between Lei Wa (as purchaser), WYT Medicine (as vendor) and Wang On (Nominees) (as vendor) and Kin Fu Realty (ICS) Limited (as property agent) in relation to, among other things, the disposal of the entire issued share

capital of Billion Good (holding a property in Well Town Industrial Building, No. 13 Ko Fai Road, Kowloon, Hong Kong) and assignment of the loan owing by Billion Good to each of WYT Medicine and Wang On (Nominees) for a total consideration of HK\$71 million, the details of which are set out in the joint announcement of the Company and WYT dated 6 February 2023;

- (o) a provisional sale and purchase agreement dated 21 March 2023 entered into between Full Gainer Investment Limited (“**Full Gainer**”) (as vendor), an indirect wholly-owned subsidiary of WYT, Leader Wealth Properties Limited (as purchaser) and Timberland Strategy Property Consultants Limited (as property agent) and the formal sale and purchase agreement dated 31 March 2023 (the “**Tai Wai Agreements**”) entered into between the vendor and the purchaser in relation to the sale and purchase of a property situated at Nos. 66, 68, 70 & 72 Tai Wai Road, Shatin, New Territories, Hong Kong for a total consideration of HK\$66.8 million, the details of which are set out in the joint announcement of the Company and WYT dated 21 March 2023;
- (p) a conditional provisional agreement dated 6 January 2023 entered into between Guideposts Investments (as vendor), an indirect wholly-owned subsidiary of WYT, and Cosmic Charm International Limited (as purchaser) and the formal sale and purchase agreement dated 22 March 2023 (the “**Bowring Building Agreements**”) entered into between the vendor and the purchaser in relation to the disposal of the entire issued share capital of Sino Fame Investments Limited (“**Sino Fame**”, holding a property situated at ground floor of Bowring Building, No. 14 Bowring Street, Kowloon, Hong Kong) and assignment of the loan owing by Sino Fame to Guideposts Investments for a total consideration of HK\$48.8 million (subject to adjustments), the details of which are set out in the joint announcement of the Company and WYT dated 6 January 2023;
- (q) a shareholders’ agreement dated 28 December 2022 (the “**December 2022 Agreement**”) entered into among Wickert Investments Limited and Ever Sonic Enterprises Limited, both being indirect wholly-owned subsidiaries of WOP (together, the “**WOP JV Partners**”), Penta Holding (BVI) L.P., Penta Investment (BVI) L.P., and Fortune Harbour Investments Limited and Mega Hope Global Limited in relation to, among other things, formation of a joint venture for engaging in the acquisition and operation of a property situated at No. 19 Luk Hop Street, Kowloon, Hong Kong with a total commitment of HK\$504.0 million to be borne by the WOP JV Partners, the details of which are set out in the joint announcement of the Company and WOP dated 28 December 2022 and the circulars of the Company and WOP dated 17 February 2023;

- (r) a master licensing agreement dated 1 October 2022 (the “**Master Licensing Agreement**”) entered into between CAP and the Company for a term of three years from 1 October 2022 to 30 September 2025, pursuant to which the WOG Group may grant license of certain wet market properties (or any part thereof) in Hong Kong under the management of the WOG Group, or of which the WOG Group has the right to grant the license to use, to the CAP Group subject to the highest annual cap (in relation to the license fee between the CAP Group and the WOG Group) (in relation to the amount of right-of-use assets to be recognised under relevant definitive licensing agreements to be entered into between the CAP Group and the WOG Group), the details of which are set out in the joint announcement of the Company, CAP and WYT dated 1 October 2022;
- (s) a sale and purchase agreement dated 1 September 2022 (the “**1 September 2022 Agreement**”) entered into between Sky Admiral Limited (“**Sky Admiral**”) (as seller), an indirect wholly-owned subsidiary of WOP, and Sky Plaza Limited (as buyer), an indirect 50%-owned joint venture of WOP, in relation to, among other things, the disposal of the entire issued share capital of Star Moral Limited (“**Star Moral**”) relating to a property development project in Ap Lei Chau and the assignment of the shareholder’s loan owing by Star Moral to Sky Admiral for a total consideration of HK\$554,817,000 (subject to adjustment), the details of which are set out in the joint announcement of the Company and WOP dated 1 September 2022 and the circulars of the Company and WOP dated 23 September 2022;
- (t) Mailful Investments Limited (“**Mailful Investments**”) and Suntech Investments Limited (“**Suntech investments**”), which are respectively indirect wholly-owned subsidiaries of the Company and WYT, received confirmation from the fund managers on 19 September 2022 of acceptance of the requests by Mailful Investments and Suntech Investments for repurchase of their respective interests in the access funds at the aggregate repurchase price of approximately US\$18.05 million submitted by them on 17 August 2022 (the “**August 2022 Agreement**”). The details of the transactions are set out in the joint announcement of the Company and WYT dated 19 September 2022;
- (u) on 12 July 2022, Mailful Investments, an indirect wholly-owned subsidiary of the Company, has acquired (a) the 6.50% or 7.50% (PIK) senior notes due on 11 July 2027 (the “**2027 Notes**”) issued by Easy Tactic Limited (“**Easy Tactic**”) and (b) 6.50% or 7.50% (PIK) senior notes due on 11 July 2028 (the “**2028 Notes**”) issued by Easy Tactic, in the aggregate notional amounts of about US\$5.2 million at par value in respect of the 2027 Notes and about US\$2.1 million at par value in respect of the 2028 Notes pursuant to the exchange of the existing notes held by into the 2027 Notes and the 2028 Notes at nil consideration, the details of which are set out in the announcement of the Company dated 13 July 2022; and

- (v) a guarantee agreement dated 4 July 2022 entered into between WYT and Ping An Bank Co., Ltd., pursuant to which WYT agreed to guarantee all liabilities of CAP to be owed to Ping An Bank Co., Ltd. under the Loan Facility Agreement (the “**WYT Guarantee Agreement**”), details of which were set out in the joint announcement of the Company and WYT dated 3 May 2022 and the circulars of the Company and WYT dated 7 June 2022.

The WOP Group

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the WOP Group which are or may be material:

- (a) the Sale and Purchase Agreement;
- (b) the Shareholders’ Agreement;
- (c) the Transfer Agreement;
- (d) the China South Notes Disposal I;
- (e) the 2023 September Sale and Purchase Agreement I;
- (f) the 2023 Sale and Purchase Agreement II;
- (g) the December 2022 Agreement; and
- (h) the 1 September 2022 Agreement.

The WYT Group

Within the two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the WYT Group which are or may be material:

- (a) the Shui Wo Street Agreement;
- (b) the Lee Wah Building Agreements;
- (c) the Yan Oi House Agreements;

- (d) the revolving loan facility agreement dated 18 December 2023 entered into between the Company (as borrower) and WYT Medicine (as lender), an indirect 99.8%-owned subsidiary of WYT, pursuant to which WYT Medicine agreed to provide an unsecured revolving loan facility not exceeding HK\$100 million to the Company at a rate of 10% per annum, the details of which are set out in the announcement of WYT dated 18 December 2023 and the circular of WYT dated 11 January 2024;
- (e) the Percival Street Agreements;
- (f) the 2023 September Sale and Purchase Agreement I;
- (g) the 2023 Sale and Purchase Agreement II;
- (h) the 2023 February Agreements;
- (i) the Tai Wai Agreements;
- (j) the Bowring Building Agreements;
- (k) the August 2022 Agreement; and
- (l) the WYT Guarantee Agreement

The CAP Group

Within the two years immediately preceding the Latest Practicable Date, the following contract(s) (not being contracts entered into in the ordinary course of business) has/have been entered into by the members of the CAP Group which is/are or may be material:

- (a) the Huai'an Disposal Agreement; and
- (b) the Master Licensing Agreement.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion and advice, which is contained in this circular:

Name	Qualification
Asset Appraisal Limited	Independent professional valuer
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. Cheung Chin Wa Angus. He is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.wangon.com for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the financial information of the Target Group prepared by Ernst & Young as set out in Appendix II to this circular;
- (c) the report on the unaudited pro forma financial information of the Remaining Group prepared by Ernst & Young as set out in Appendix III to this circular;
- (d) the valuation report on the Property prepared by Asset Appraisal Limited as set out in Appendix IV to this circular; and
- (e) the letter of consent from each of the experts as referred to in the paragraph headed "8. Experts and Consents" in this appendix.

NOTICE OF THE SGM



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wang On Group Limited (the “Company”) will be held at 18/F, Prince’s Building 10 Chater Road, Central, Hong Kong on Thursday, 11 July 2024 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the Sale and Purchase Agreement (as defined in the circular of the Company dated 21 June 2024 of which this notice forms part (the “Circular”)) (a copy of which has been produced in this meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “Director”) be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Disposal and the Sale and Purchase Agreement (as defined in the Circular) and the transactions contemplated thereunder.”

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Cheung Chin Wa Angus
Company Secretary

Hong Kong, 21 June 2024

NOTICE OF THE SGM

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

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

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. The register of members of the Company will be closed from Monday, 8 July 2024 to Thursday, 11 July 2024 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m., on Friday, 5 July 2024.
3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder.
7. The above resolution(s) will be voted by way of a poll at the SGM.

** For identification purpose only*