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## WANG ON GROUP LIMITED

(宏安集團有限公司)\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

#### INTERIM RESULTS

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company, its subsidiaries and its jointly-controlled entities (collectively referred to as the “**Group**”) for the six months ended 30 September 2009, together with the comparative figures for the corresponding period in 2008. These interim condensed consolidated financial statements were not audited, but have been reviewed by the Company’s audit committee.

#### INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

		For the six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>280,864</b>	181,789
Cost of sales		<u>(200,808)</u>	<u>(131,028)</u>
<b>Gross profit</b>		<b>80,056</b>	50,761
Other income and gains	4	<b>22,984</b>	22,405
Selling and distribution costs		<b>(1,267)</b>	(1,348)
Administrative expenses		<b>(30,854)</b>	(41,619)
Other expenses		<b>(18,453)</b>	(36,521)
Finance costs	5	<b>(3,682)</b>	(4,098)
Fair value gains/(losses) on financial assets			
at fair value through profit and loss		<b>10,569</b>	(23,640)
Fair value gains on revaluation of investment properties		<b>33,045</b>	15,767
Share of profits and losses of associates		<u><b>(6,120)</b></u>	<u>(42,026)</u>

\* For identification purpose only

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit/(loss) before tax</b>	6	<b>86,278</b>	(60,319)
Tax	7	<u><b>(16,552)</b></u>	<u>(10,398)</u>
<b>Profit/(loss) for the period</b>		<u><b>69,726</b></u>	<u>(70,717)</u>
Exchange difference arising on translation of foreign operations		<b>211</b>	12,516
Change in fair value of available-for-sale investments		<b>20,003</b>	–
Share of other comprehensive income of associates		<u><b>117</b></u>	<u>–</u>
<b>Other comprehensive income for the period</b>		<u><b>20,331</b></u>	<u>12,516</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><b>90,057</b></u>	<u>(58,201)</u>
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the parent		<b>69,727</b>	(82,917)
Minority interests		<u><b>(1)</b></u>	<u>12,200</u>
		<u><b>69,726</b></u>	<u>(70,717)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		<b>90,058</b>	(76,526)
Minority interests		<u><b>(1)</b></u>	<u>18,325</u>
		<u><b>90,057</b></u>	<u>(58,201)</u>
<b>Dividends</b>			
Interim	9	<u><b>8,156</b></u>	<u>–</u>
<b>Earnings/(loss) per share</b>	8		(Restated)
Basic		<u><b>HK3.68 cents</b></u>	<u>(HK26.55) cents</u>
Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2009

	<i>Notes</i>	30 September 2009 (Unaudited) <i>HK\$'000</i>	31 March 2009 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		15,683	16,849
Prepaid land lease payments		3,171	3,171
Investment properties		605,363	536,136
Goodwill		1,376	1,376
Interests in associates		199,513	216,625
Available-for-sale investments		24,531	–
Held-to-maturity financial assets		10,882	4,114
Other intangible assets		15,150	18,180
Loans receivable		265,993	281,241
Rental deposits paid		12,425	11,737
Deferred tax assets		555	555
<b>Total non-current assets</b>		<b>1,154,642</b>	<b>1,089,984</b>
<b>Current assets</b>			
Properties held for sale		557,253	262,272
Trade receivables	<i>10</i>	3,613	4,498
Prepayments, deposits and other receivables		100,081	46,720
Financial assets at fair value through profit or loss		29,731	20,424
Tax recoverable		326	107
Cash and cash equivalents		430,282	483,707
<b>Total current assets</b>		<b>1,121,286</b>	<b>817,728</b>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	12,998	18,076
Other payables and accruals		20,858	20,542
Deposits received and receipts in advance		68,792	73,359
Interest-bearing bank loans		107,487	121,948
Provisions for onerous contracts		1,210	1,960
Tax payable		15,999	6,064
<b>Total current liabilities</b>		<b>227,344</b>	<b>241,949</b>
<b>Net current assets</b>		<b>893,942</b>	<b>575,779</b>
<b>Total assets less current liabilities</b>		<b>2,048,584</b>	<b>1,665,763</b>

	<b>30 September 2009 (Unaudited) HK\$'000</b>	31 March 2009 (Audited) HK\$'000
<b>Non-current liabilities</b>		
Interest-bearing bank loans	500,054	310,137
Provisions for onerous contracts	250	250
Deferred tax liabilities	<u>8,649</u>	<u>3,196</u>
Total non-current liabilities	<u>508,953</u>	<u>313,583</u>
<b>Net assets</b>	<u><b>1,539,631</b></u>	<u><b>1,352,180</b></u>
<b>Equity</b>		
Equity attributable to equity holders of the parent		
Share capital	22,657	3,776
Reserves	1,508,422	1,336,678
Proposed dividends	<u>8,156</u>	<u>11,329</u>
	<b>1,539,235</b>	1,351,783
Minority interests	<u>396</u>	<u>397</u>
Total equity	<u><b>1,539,631</b></u>	<u><b>1,352,180</b></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

## 1. BASIS OF PRESENTATION

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 March 2009 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs, and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time, the following new HKFRSs, which are effective for the Group’s financial year beginning on 1 April 2009:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfer of Assets from Customers

Apart from the above, the Group has also adopted Improvements to HKFRSs\* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

\* Improvements to HKFRSs contain amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The adoption of these new interpretations and amendments has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements, except for the followings:

**(a) HKFRS 8 Operating Segments**

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The adoption of HKFRS 8 did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments as previously identified under HKAS 14 Segment Reporting.

**(b) HKAS 1 (Revised) Presentation of Financial Statements**

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. HKAS 1 (Revised) also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
HKFRS 2 Amendments	Group Cash-settled Share-based Payment Transactions <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKAS 24 (Revised)	Related Party Disclosure <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items <sup>1</sup>
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013.

In addition, improvements to HKFRSs were issued in May 2009 by HKICPA which contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendices to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. SEGMENT INFORMATION

The following table presents revenue and result information for the Group's operating segments for the six months ended 30 September 2009 and 2008, respectively.

#### 2009

Group	Property	Property	Chinese	Shopping	Agricultural	Trading of	Corporate	Elimina-	Consolidated
	development	investment	wet markets	centres	by-products	agricultural	and others	tions	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:									
Sales to external customers	115,761	15,500	100,628	6,658	11,316	31,001	-	-	280,864
Intersegment sales	-	-	-	-	-	-	1,018	(1,018)	-
Other revenue	67	402	7,335	351	12	994	4,826	(169)	13,818
Total	<u>115,828</u>	<u>15,902</u>	<u>107,963</u>	<u>7,009</u>	<u>11,328</u>	<u>31,995</u>	<u>5,844</u>	<u>(1,187)</u>	<u>294,682</u>
Segment results	<u>28,248</u>	<u>44,465</u>	<u>17,650</u>	<u>1,401</u>	<u>4,189</u>	<u>(737)</u>	<u>(8,133)</u>	<u>(169)</u>	<u>86,914</u>
Interest income									9,166
Finance costs									(3,682)
Share of profits and losses of associates									<u>(6,120)</u>
Profit before tax									86,278
Tax									<u>(16,552)</u>
Profit for the period									<u><u>69,726</u></u>

2008

Group	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet markets (Unaudited) HK\$'000	Shopping centres (Unaudited) HK\$'000	Agricultural by-products wholesale markets (Unaudited) HK\$'000	Trading of agricultural by-products (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:									
Sales to external customers	19,246	6,972	79,303	6,663	23,993	45,612	-	-	181,789
Intersegment sales	-	-	-	-	-	-	1,122	(1,122)	-
Other revenue	-	130	1,591	87	360	-	18,310	(270)	20,208
Total	19,246	7,102	80,894	6,750	24,353	45,612	19,432	(1,392)	201,997
Segment results	1,260	(16,071)	9,625	1,287	32,507	72	(44,892)	(180)	(16,392)
Interest income									2,197
Finance costs									(4,098)
Share of profits and losses of associates									(42,026)
Loss before tax									(60,319)
Tax									(10,398)
Loss for the period									<u>(70,717)</u>

4. OTHER INCOME AND GAINS

	For the six months ended	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Bank interest income	600	1,682
Other interest income	8,566	515
Compensation received in respect of a fire accident	4,500	-
Gain on disposal of financial assets at fair value through profit or loss	615	396
Gain on disposal of a subsidiary	-	11,470
Dividend income from listed securities	131	951
Recognition of a deferred gain	403	902
Others	8,169	6,489
	<u>22,984</u>	<u>22,405</u>



## 5. FINANCE COSTS

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	<u>3,682</u>	<u>4,098</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	32,348	42,914
Cost of services provided	88,208	74,380
Cost of properties sold	80,252	13,734
Depreciation	3,134	3,008
Amortisation of prepaid land lease payments	–	1,878
Amortisation of other intangible assets	3,030	3,030
Amount released from onerous contracts, net	<u>(750)</u>	<u>(600)</u>

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current tax charge for the period:		
Hong Kong	10,928	3,636
Mainland China	172	284
Deferred	<u>5,452</u>	<u>6,478</u>
Tax charge for the period	<u>16,552</u>	<u>10,398</u>

Share of tax attributable to associates amounting to HK\$322,000 (2008: HK\$284,000) is included in "Share of profits and losses of associates" on the face of the unaudited consolidated statement of comprehensive income.

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<u>69,727</u>	<u>(82,917)</u>
	Number of Shares For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
<b>Shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>1,894,327,239</u>	<u>312,373,855*</u>

\* *The weighted average number of ordinary shares in 2008 has been retrospectively adjusted for the twenty five-to-one share consolidation taken place on 30 March 2009.*

The diluted earnings/(loss) per share amounts for the period ended 30 September 2009 and 30 September 2008 have not been disclosed as no diluting events existed during these periods.

## 9. DIVIDENDS PAID AND DECLARED

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend declared and paid during the six month period:		
Final dividend for 2009 of HK0.5 cents per share (2008: HK2.5 cents per share)	<u>11,329</u>	<u>7,868</u>
Dividend proposed for approval:		
Interim dividend for 2009: HK0.3 cents per share (2008: Nil)	<u>8,156</u>	<u>—</u>

## 10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the reporting date, based on invoice date, is as follows:

	<b>30 September 2009 (Unaudited) HK\$'000</b>	31 March 2009 (Audited) HK\$'000
Within 90 days	<b>1,867</b>	4,279
91 days to 180 days	<b>1,194</b>	251
Over 180 days	<b>791</b>	239
	<hr/>	<hr/>
	<b>3,852</b>	4,769
Less: Impairment	<b>(239)</b>	(271)
	<hr/>	<hr/>
	<b>3,613</b>	4,498
	<hr/> <hr/>	<hr/> <hr/>

The Group generally grants 14 to 45 days credit period to customers for its sub-leasing business and no credit is granted to customers of other businesses.

## 11. TRADE PAYABLES

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

	<b>30 September 2009 (Unaudited) HK\$'000</b>	31 March 2009 (Audited) HK\$'000
Within 90 days	<b>12,998</b>	18,076
	<hr/> <hr/>	<hr/> <hr/>

The trade payable are non-interest bearing and have an average terms of 30 days. The carrying amounts of the trade payables approximate to their fair values.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK0.3 cents (2008: Nil) per share for the six months ended 30 September 2009. The interim dividend will be payable on Monday, 18 January 2010 to those shareholders whose names appear on the register of members of the Company on Tuesday, 5 January 2010.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 4 January 2010 to Tuesday, 5 January 2010, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Thursday, 31 December 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

For the six months ended 30 September 2009, the Group recorded a turnover of approximately HK\$280.9 million (2008: approximately HK\$181.8 million), representing an increase of approximately HK\$99.1 million or approximately 54.5% as compared to the same period last year. Profit attributable to equity holders of the parent for the period ended 30 September 2009 amounted to approximately HK\$69.7 million (2008: loss of approximately HK\$82.9 million). The turnaround in 2009 was mainly attributable to the continued sale of luxury houses located in Godi, Shatin Heights ("**Godi**"), capital appreciation of investment properties and reduction of share of loss of an associate.

### **Property Development**

During the first half of the current financial year, this division achieved a turnover of approximately HK\$115.8 million (2008: approximately HK\$19.2 million), representing a six-fold increase as compared to the corresponding period last year. Subsequent to the period ended 30 September 2009, two houses with total value of approximately HK\$92.1 million were sold, of which one had been delivered in early December and the other will be delivered by the end of December. As of today, the Group keeps an inventory of 4 Godi houses which are intended to sold to the public.

In July, the Group entered into a sale and purchase agreement for the acquisition of a 6-storey factory building with a site area of approximately 17,000 square feet at Yau Tong. In October, the Group further acquired a 3-storey factory building with a site area of approximately 24,000 square feet at Yau Tong which is immediately adjacent to the 6-storey factory building site and such acquisition will be completed by April 2010.

The Group currently intends to demolish both factory buildings and re-develop the combined site into a residential complex. Initial design work is being carried out.

## **Property Investment**

As at 30 September 2009, the Group maintained an investment property portfolio comprising retail shops and residential premises in Hong Kong with a net book value of approximately HK\$531.1 million (31 March 2009: approximately HK\$462.6 million). During the period, the Group invested approximately HK\$35.4 million in a retail shop and residential premises. Subsequent to the period ended 30 September 2009, the Group further acquired 2 retail shops at a total consideration of approximately HK\$45.0 million.

The Group will continue to look for potential investment properties and believes that such additional investment can further enhance the recurring income for the Group. In the long term, the Group will benefit from the capital appreciation of a well-diversified investment property portfolio.

## **Management and Sub-licensing of Chinese Wet Markets**

The turnover for this division for the period ended 30 September 2009 was approximately HK\$100.6 million (2008: approximately HK\$79.3 million), representing an increase of approximately HK\$21.3 million. This was mainly attributable to the additional revenue generated from the management of four new Chinese wet markets in Hong Kong.

In July and November respectively, the Group took up the management of two more Chinese wet markets, namely Po Lam and Heng On at Tseung Kwan O and Ma On Shan, respectively. As of today, the Group manages a portfolio of approximately 1,100 stalls spreading over 16 Chinese wet markets.

The Group continued to manage a total of more than 1,100 stalls occupying a total gross floor area of over 186,000 square feet in 16 “Humin” brand Chinese wet markets in various districts in Shenzhen, the People’s Republic of China (the “PRC”).

## **Trading of Agricultural By-products**

For the period ended 30 September 2009, the turnover of this division amounted to approximately HK\$31.0 million (2008: approximately HK\$45.6 million), representing a decrease of approximately HK\$14.6 million. The business of this division had deteriorated as a result of fierce price competition from other operators in the market.

## **Agricultural By-products Wholesale Markets**

The turnover of this division for the period ended 30 September 2009 amounted to approximately HK\$11.3 million (2008: approximately HK\$24.0 million), representing a decrease of approximately HK\$12.7 million compared to the same period last year. This was mainly due to the loss of revenue arising from the disposal of the Group’s entire interest in the Yulin and the Xuzhou agricultural by-products wholesale markets in March 2009.

As at 30 September 2009, the Group had a 40% interest in an agricultural by-products wholesale market in Changzhou.

Although the Group's entire interest in two wholesale markets in the PRC was disposed of last year, the operation of the Group's agricultural by-products wholesale market at Fanling continued to be stable and satisfactory. The Group will continue to improve the operation conditions so as to enhance the trading volume and activities of the market.

In October 2009, the Group acquired on an open market shares, representing approximately 3.8% equity interest in China Agri-Products Exchange Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which is principally engaged in the property rental business in respect of agricultural produce exchange and the food and beverage business, for an aggregate consideration of approximately HK\$19 million.

### **Investment in Pharmaceutical and Health Products Related Business**

For the six-month period ended 30 September 2009, the turnover of this division under Wai Yuen Tong Medicine Holdings Limited was approximately HK\$229.2 million (2008: approximately HK\$230.7 million). The business of Chinese and western pharmaceutical products performed satisfactorily and recorded a slight growth of approximately 3.6% compared to the same period last year. With the continuous launch of new products under the division's secondary brand of "Pearl's" and increasing public awareness of the "Wai Yuen Tong" and "Madame Pearl's" brand, the Group anticipates this division will experience steady growth.

### **FUND RAISING**

During the period under review, the Group completed the following fund raising activities:

- (a) an open offer which was announced by the Company on 13 February 2009, under which the Company issued and allotted 1,132,861,635 offer shares and 755,241,090 bonus shares of HK\$0.01 each in the Company on 7 May 2009 and net proceeds of approximately HK\$108.2 million were raised for acquisition of investments and general working purpose; and
- (b) on 13 October 2009, the Company entered into a new placing agreement with a placing agent, to place 453 million shares in the Company under the general mandate granted to the directors by the shareholders at the last annual general meeting held on 26 August 2009. Net proceeds of approximately HK\$61.3 million were raised for the Group's property development business.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2009, the Group had cash resources and short term investments of approximately HK\$460.0 million (31 March 2009: approximately HK\$504.1 million). The aggregate borrowings as at 30 September 2009 amounted to approximately HK\$607.5 million (31 March 2009: approximately HK\$432.1 million).

During the period under review, the Group's gearing ratio was approximately 11.5% (31 March 2009: Nil), calculated with reference to the Group's total borrowing's net of cash and cash equivalents and equity attributable to equity holders of the parent of approximately HK\$177.3 million and approximately HK\$1.5 billion, respectively.

As at 30 September 2009, the Group's investment properties with an aggregate carrying value of approximately HK\$503.6 million (31 March 2009: approximately HK\$420.6 million) were pledged to secure the Group's general banking facilities totalling approximately HK\$374.5 million (31 March 2009: approximately HK\$432.1 million).

The Group's capital commitment as at 30 September 2009 amounted to HK\$243.7 million (31 March 2009: approximately HK\$27.8 million). The Group had no significant contingent liabilities as at the balance sheet date.

The Board is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group does not engage in any hedging activities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2009, the Group had 271 full time employees, around 91% of whom were located in Hong Kong.

The Group remunerates its employees mainly based on industry practices and individual performance and experience. Apart from the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and structured training programs, are also provided. The Group operates a Mandatory Provident Fund Scheme for those employees in Hong Kong who are eligible to participate.

## **PROSPECTS**

Given that the Hong Kong property market conditions have been improved since beginning of 2009, the Group will allocate more resources into the property development and property investment segments. The accumulation of sufficient land bank and enlargement of property investment portfolio form the solid foundation for future expansion.

Regarding the management and sub-licensing of Chinese wet market, this division continues to be the market leader in Hong Kong. The Group will seek for more management contracts both in Hong Kong and the PRC and strengthen our leading position in this segment.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2009.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the period for the six months ended 30 September 2009.

The Group will continue to improve its management and control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2009 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.



## **PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT**

The interim results announcement is published on the websites of the Stock Exchange at (<http://www.hkex.com.hk>) and the Company at (<http://www.wangon.com>). The 2009 interim report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 16 December 2009

*As at the date of this announcement, the Board comprises three executive directors of the Company, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Mr. Chan Chun Hong, Thomas, and four independent non-executive directors of the Company, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.*

\* *For identification purpose only*