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 2012

INTERIM RESULTS

The board of directors (the "**Board**") of Wang On Group Limited (the "**Company**", together with its subsidiaries and its jointly-controlled entity, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in 2011. These interim condensed consolidated financial statements were not audited, but have been reviewed by the Company's audit committee (the "**Audit Committee**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2012

		For the six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
REVENUE	*3*	**169,946**	273,905
Cost of sales		**(112,170)**	(154,329)
Gross profit		**57,776**	119,576
Other income and gains	*4*	**34,678**	35,324
Selling and distribution costs		**(7,919)**	(5,407)
Administrative expenses		**(43,059)**	(46,062)
Other expenses	*6*	**3,859**	(26,654)
Finance costs	*5*	**(5,762)**	(5,685)
Fair value losses of financial assets at fair value through profit or loss, net		**(16,324)**	(58,805)
Fair value gains on investment properties, net		**57,241**	85,395
Share of profit and loss of an associate		**9,462**	–
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**89,952**	97,682
Income tax expenses	*7*	**(18,103)**	(15,526)

* *For identification purpose only*

	Note	For the six months ended 30 September 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000 (Restated)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**71,849**	82,156
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		**–**	3,825
PROFIT FOR THE PERIOD		**71,849**	85,981
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		**–**	(14,528)
Reclassification adjustment for gain/loss included in profit or loss			
– Impairment loss		**–**	14,528
		–	–
Other reserve:			
Share of other comprehensive income of an associate		**466**	–
Exchange fluctuation reserve:			
Translation of foreign operations		**(471)**	4,910
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(5)**	4,910
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**71,844**	90,891
Profit attributable to:			
Owners of the parent		**71,849**	86,054
Non-controlling interests		**–**	(73)
		71,849	85,981
Total comprehensive income attributable to:			
Owners of the parent		**71,844**	90,964
Non-controlling interests		**–**	(73)
		71,844	90,891
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
For the period			
Basic and diluted		**HK1.10 cents**	HK1.32 cents
From continuing operations			
Basic and diluted		**HK1.10 cents**	HK1.26 cents

Details of the interim dividend declared for the period are disclosed in note 9 to the financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2012

	Notes	30 September 2012 (Unaudited) HK$'000	31 March 2012 (Restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,445**	8,477
Investment properties		**846,677**	797,442
Properties under development		**1,308,432**	1,264,114
Goodwill		**1,376**	1,376
Investment in an associate		**371,896**	361,968
Loans and interests receivable		**746,962**	255,805
Deposits paid		**13,316**	15,072
Deferred tax assets		**506**	570
Total non-current assets		**3,295,610**	2,704,824
CURRENT ASSETS			
Properties held for sale		**342,414**	364,514
Trade receivables	*10*	**2,759**	5,649
Loans and interests receivable		**400**	410,395
Prepayments, deposits and other receivables		**152,584**	50,685
Financial assets at fair value through profit or loss		**52,524**	75,446
Tax recoverable		**2,660**	2,454
Time deposits with original maturity over three months		**–**	20,000
Cash and cash equivalents		**537,458**	582,095
Total current assets		**1,090,799**	1,511,238
CURRENT LIABILITIES			
Trade payables	*11*	**14,793**	22,687
Other payables and accruals		**26,810**	31,177
Deposits received and receipts in advance		**270,339**	109,731
Interest-bearing bank loans		**205,519**	229,483
Provisions for onerous contracts		**770**	770
Tax payable		**27,448**	28,989
Total current liabilities		**545,679**	422,837
NET CURRENT ASSETS		**545,120**	1,088,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,840,730**	3,793,225

	30 September 2012 (Unaudited) *HK$'000*	31 March 2012 (Restated) *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**796,671**	790,171
Provisions for onerous contracts	**2,304**	2,687
Deferred tax liabilities	**10,188**	8,186
Total non-current liabilities	**809,163**	801,044
Net assets	**3,031,567**	2,992,181
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**65,249**	65,249
Reserves	**2,965,851**	2,926,465
	3,031,100	2,991,714
Non-controlling interests	**467**	467
Total equity	**3,031,567**	2,992,181

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2012.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA as disclosed in note 2 to the interim financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements:

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 12 Amendments (the "**Amendments**") clarify the determination of deferred tax for investment property measured at fair value. The Amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the Amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of the Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties of the Group and of its associate will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are depreciable and are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group's business model is that the entity owning the investment property situated in Mainland China will recover the value through use and on this basis the presumption of sales has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the value of its investment properties in Mainland China are recovered through use.

This change in accounting policy has been applied retrospectively and the effects are summarised below:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Decrease in income tax expenses	**7,763**	12,542
Increase in share of profit and loss of an associate	**1,621**	–
Increase in profit for the period from continuing operations	**9,384**	12,542
Increase in basic and diluted earnings per share *(HK cents)*	**0.14**	0.19

	30 September	31 March	1 April
	2012	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Increase in investment in an associate	**6,633**	5,012	–
Decrease in deferred tax liabilities	**45,994**	38,231	25,896
Increase in other reserve	**1,156**	1,156	–
Increase in retained profits	**51,471**	42,087	25,896

3. OPERATING SEGMENT INFORMATION

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

Reportable segment information

For the six months ended 30 September 2012

	Continuing operations				Discontinued operations				
	Property development (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Chinese wet markets (Unaudited) *HK$'000*	Total continuing operations (Unaudited) *HK$'000*	Shopping centers and car parks (Unaudited) *HK$'000*	Agricultural by-products wholesale markets (Unaudited) *HK$'000*	Trading of agricultural by-products (Unaudited) *HK$'000*	Total discontinued operations (Unaudited) *HK$'000*	Total Group (Unaudited) *HK$'000*
Segment revenue:									
Sales to external customers	–	50,043	119,903	169,946	–	–	–	–	169,946
Intersegment sales	–	–	–	–	–	–	–	–	–
Other revenue	3,861	60,398	767	65,026	–	–	–	–	65,026
Total	3,861	110,441	120,670	234,972	–	–	–	–	234,972
Elimination of intersegment sales									–
Corporate and unallocated revenue									2,409
Total									237,381
Segment results	(19,814)	80,037	17,199	77,422	–	–	–	–	77,422
Interest income				28,343				–	28,343
Finance costs				(5,762)				–	(5,762)
Corporate and unallocated income and expenses, net				(19,513)				–	(19,513)
Share of profit and loss of an associate				9,462				–	9,462
Profit before tax				89,952				–	89,952
Income tax expenses				(18,103)				–	(18,103)
Profit for the period				71,849				–	71,849

For the six months ended 30 September 2011

	Continuing operations				Discontinued operations				
	Property development (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Chinese wet markets (Unaudited) *HK$'000*	Total continuing operations (Unaudited) *HK$'000*	Shopping centers and car parks (Unaudited) *HK$'000*	Agricultural by-products wholesale markets (Unaudited) *HK$'000*	Trading of agricultural by-products (Unaudited) *HK$'000*	Total discontinued operations (Unaudited) *HK$'000*	Total Group (Unaudited) *HK$'000*
Segment revenue:									
Sales to external customers	134,308	25,205	114,392	273,905	6,400	9,164	10,924	26,488	300,393
Intersegment sales	–	–	–	–	200	–	–	200	200
Other revenue	275	93,856	2,572	96,703	722	5	1	728	97,431
Total	134,583	119,061	116,964	370,608	7,322	9,169	10,925	27,416	398,024
Elimination of intersegment sales									(200)
Corporate and unallocated revenue									3,096
Total									400,920
Segment results	38,726	113,842	16,001	168,569	881	2,860	(227)	3,514	172,083
Interest income				20,919				–	20,919
Finance costs				(5,685)				(186)	(5,871)
Corporate and unallocated income and expenses, net				(86,121)				497	(85,624)
Profit before tax				97,682				3,825	101,507
Income tax expenses				(15,526)				–	(15,526)
Profit for the period				82,156				3,825	85,981

4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains from continuing operations is as follows:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other Income		
Bank interest income	**1,821**	662
Interest income from financial investments	**1,003**	1,799
Interest income from loans receivable	**25,519**	18,458
Dividend income from listed securities	**488**	2,312
Management fee income	**50**	363
Others	**4,726**	4,005
	33,607	27,599
Gains		
Gain on disposal of investment properties, net	**960**	7,725
Gain on disposal of financial assets at fair value through profit or loss, net	**111**	–
	1,071	7,725
Other income and gains	**34,678**	35,324

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans:		
Wholly repayable within five years	**6,647**	3,525
Repayable beyond five years (Note)	**5,036**	4,994
	11,683	8,519
Less: Interest capitalised	**(5,921)**	(2,834)
	5,762	5,685

The above analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements.

Note: For the six months ended 30 September 2012 and 2011, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,364,000 and HK$1,393,000, respectively.

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**–**	8,385
Cost of services provided	**89,936**	84,717
Cost of properties sold	**22,234**	61,227
Depreciation	**2,658**	3,058
Amortisation of other intangible asset	**–**	3,030
Impairment of an available-for-sale investment*	**–**	14,528
Loss on disposal of financial assets at fair value through profit or loss, net*	**–**	5,151
Gain on disposal of items of properties, plant and equipment	**–**	(2,951)
Amount utilised for onerous contracts, net	**(383)**	–
Impairment/(write-back of impairment) of properties under development to net realisable value*	**(3,859)**	6,823
Impairment of trade receivables*	**–**	152

* These expenses are included in "Other expenses" on the face of the condensed consolidated statement of comprehensive income.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China.

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**4,849**	13,200
Current – Mainland China	**11,316**	784
Deferred	**1,938**	1,542
Total tax charge for the period from continuing operations	**18,103**	15,526

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	**71,849**	82,302
From discontinued operations	**–**	3,752
	71,849	86,054

	Number of Shares	
	2012	2011
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic and diluted earnings per share calculation	**6,524,935,021**	6,524,935,021

In respect of diluted earnings per share amounts, no adjustment has been made to the basic earnings per share amounts presented for six months ended 30 September 2012 and 2011 as the impact of the share options of the Company outstanding during the respective periods had an anti-dilutive effect on the basic earnings per share.

9. INTERIM DIVIDEND

	For the six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend – HK0.15 cents (2011: HK0.15 cents) per ordinary share	**9,787**	9,787

The interim dividend was declared after the end of the reporting period and hence was not accrued on that date.

10. TRADE RECEIVABLES

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

	30 September 2012	31 March 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**2,520**	5,390
91 days to 180 days	**–**	96
Over 180 days	**372**	324
	2,892	5,810
Less: Impairment	**(133)**	(161)
	2,759	5,649

The Group generally grants a 15 to 30 days credit period to customers for its sub-leasing business. The Group generally does not grant any credit to customers of other businesses.

11. TRADE PAYABLES

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

	30 September 2012	31 March 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**14,793**	22,687

The trade payables 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 HK0.15 cents (six months ended 30 September 2011: HK0.15 cents) per share for the six months ended 30 September 2012. The interim dividend will be payable on Tuesday, 18 December 2012 to those shareholders whose names appear on the register of members of the Company on Friday, 7 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 6 December 2012 to Friday, 7 December 2012, 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 and transfer office in Hong Kong, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 5 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months period ended 30 September 2012 amounted to approximately HK$169.9 million (2011: approximately HK$273.9 million), representing a decrease of approximately HK$104.0 million as compared to the same period last year. For the six months ended 30 September 2012, profit attributable to the shareholders was approximately HK$71.8 million (2011: approximately HK$86.1 million (as restated)).

Property Development

During the first half of the current financial year, pre-sale of residential units of "The Met. Sublime" at Kwai Heung Street was launched, although no sale was recognised for this division, whereas sales for this division for the same period last year amounted to approximately HK$134.3 million.

For "The Met. Focus" at Pak Kung Street, being the first project under "The Met." series, construction work of the superstructure has commenced and been progressing well. It is scheduled to be completed and ready for handover to purchasers by the end of 2013. Revenue and profit for "The Met. Focus" will be reflected in the income statement for the year ending 31 March 2014.

Pre-sale of the residential flats at Kwai Heung Street, under the name of "The Met. Sublime", which was the second project under "The Met." series, was launched in September 2012. Market response was good and over 80% of the residential units had been pre-sold to date with a total value of approximately HK$532.9 million. Foundation work is being carried out and is scheduled to be finished by the first quarter of 2013. Superstructure work is planned to be completed in the last quarter of 2014.

Foundation work at Nathan Road is now under way and anticipated to be completed by the end of 2012. Pre-leasing activities are being planned and organised. Preliminary discussion with potential tenants was conducted. It is expected that completion of the superstructure will take place in the first half of 2014.

For the Camp Street project, demolition work has just begun and is expected to be completed by the end of 2012. Planning work for the construction of show flats has been carried out and it will be available for public visit in the first quarter of 2013. Pre-sale of the residential units is scheduled to be launched in the first half of 2013.

The site at Sze Shan Street has been vacant and hoarding work has been finished. The Group will continue to negotiate with the Hong Kong SAR government in respect of the finalisation of land premium.

As of 31 October 2012, the Group has a development land portfolio as follows:

Location	**Approximate Site Area (square feet)**	**Intended Usage**	**Anticipated Year of Completion**
2-8 Pak Kung Street, Hung Hom	4,000	Residential/Shops	2013
1-13 Kwai Heung Street, Sai Ying Pun	4,800	Residential/Shops	2014
724, 724A and 726 Nathan Road, Mongkok	3,000	Commercial	2014
140-146 Camp Street, Shum Shui Po	4,600	Residential/Shops	2015
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential/Shopping Centre	2016
	57,400		

The Group has been active in its participation in the HK Government public tenders and the Urban Renewal Authority tenders with an aim to replenish its development land bank. Besides, the Group has allocated additional resources in screening and selection of suitable development sites from the private property market.

Property Investment

Revenue for this division comprised the sale of properties and rental income generated from leasing. The Group's gross rental income for the six months ended 30 September 2012 amounted to approximately HK$27.7 million (2011: approximately HK$25.2 million), representing an increase of approximately HK$2.5 million).

As of 30 September 2012, the Group maintained an investment portfolio consisting of retail and residential premises in Hong Kong with a total carrying value of approximately HK$770.9 million (31 March 2012: approximately HK$719.8 million).

During the first half of the current financial year 2012, the Group disposed of 31 commercial units of Grandeur Terrace at an aggregate consideration of approximately HK$458.0 million, all of which will be completed in the second half of the current financial year.

In addition, during the period under review, the Group entered into agreements in respect of the following major disposals:

(i) On 14 June 2012, the Group entered into a provisional sale and purchase agreement to dispose of an investment property located at Yuen Long, New Territories at a consideration of HK$82.8 million, details of which were set out in the Company's announcement dated 14 June 2012. Such disposal had been completed on 25 October 2012; and

(ii) On 20 July 2012, the Group entered into a provisional sale and purchase agreement to dispose of an investment property located at Shatin, New Territories at a consideration of HK$50.3 million, details of which were set out in the Company's announcement dated 23 July 2012. Such disposal is expected to be completed on or before 30 November 2012.

Following the partial disposal of Grandeur Terrace and shops, the Group is vigorously looking for investment opportunities in retail premises with an aim to strengthen the existing rental income stream. As part of the regular review of its investment property portfolio, the Group will continue to optimise its tenant mix and achieve positive rental adjustment.

Management and Sub-licensing of Chinese Wet Markets

For the period ended 30 September 2012, revenue for this division amounted to approximately HK$119.9 million (2011: approximately HK$114.4 million), representing an increase of approximately HK$5.5 million. The improvement was chiefly contributed by the additional licensing income arising from the renewal of license agreements with stall operators.

The Group continues to manage a portfolio of approximately 960 stalls at 15 "Allmart" brand Chinese wet markets in Hong Kong with a total gross floor area of over 350,000 square feet. In the People's Republic of China (the "PRC"), the Group is now managing a portfolio of approximately 1,100 stalls at 17 Chinese wet markets with a total gross floor area of over 283,000 square feet under "Huimin" brand in various districts of Shenzhen.

Since the first launch of "Allmart Club" membership in our managed Chinese wet market in Kai Tin, Lam Tin in October 2011, the Group has further extended this membership program to Choi Ming Estates, Tseung Kwan O and Tin Chak Estates, Tin Shui Wai. The introduction of such membership program has not only improved the traffic flow of the shoppers but also enhanced the overall business atmosphere of the Group's managed Chinese wet markets. As of today, over 6,300 members have been recruited for these 3 Chinese wet markets.

The introduction of "One Dollar Rental Scheme" has attracted tremendous enquires from the public. After studying ideas submitted by the public and interviewing the entrepreneurs, the Group has provided stall space for selected entrepreneurs to start up their businesses of fortune teller, retail of unique hand made leather products, sale of antique products, etc in our various managed Chinese wet markets. We believe that this provides an excellent opportunity for them to establish their business at a very minimal start-up capital. Besides, this new element can further brush up the image of our managed Chinese wet markets.

Investment in Pharmaceutical and Health Products Related Business

The Group has a 25% interest in Wai Yuen Tong Medicine Holdings Limited ("**WYTH**"), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For the period ended 30 September 2012, WYTH achieved a turnover of approximately HK$365.7 million representing an increase of approximately 10.6% over the same period last year. Its profit attributable to the equity holders amounted to approximately HK$33.7 million as compared to an attributable loss of approximately HK$132.0 million for the same period last year. The improvement was mainly contributed by increase in gain on change in fair value of investment properties, the decrease in loss on held-for-trading investments and the lack of impairment losses recognised for the investment in an associate. Share of profit of WYTH for the period ended 30 September 2012 was approximately HK$9.5 million.

With its solid foundation in pharmaceutical and health products, the increasing awareness of health and the expansion of retail network both in Hong Kong and in the PRC, the Group anticipates that investment in WYTH will deliver steady and growing results in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the Group had cash resources and short term investments of approximately HK$590.0 million (31 March 2012: approximately HK$677.5 million). The aggregate borrowings as at 30 September 2012 amounted to approximately HK$1,002.1 million (31 March 2012: approximately HK$1,019.7 million).

During the period under review, the Group's gearing ratio was approximately 15.3% (31 March 2012: 14.6% (as restated)), calculated with reference to the Group's total borrowing net of cash and cash equivalents and equity attributable to equity holders of the parent of approximately HK$464.7 million and approximately HK$3,031.1 million, respectively.

As at 30 September 2012, the Group's investment properties, properties under development and properties held for sale, with carrying value of approximately HK$735.1 million, HK$1,308.4 million and HK$341.3 million (31 March 2012: approximately HK$687.3 million, HK$1,234.1 million and HK$363.4 million) were pledged to secure the Group's general banking facilities utilised for approximately HK$350.4 million, HK$586.3 million and HK$184.0 million (31 March 2012: approximately HK$378.0 million, HK$608.6 million and HK$202.0 million), respectively.

The Group's capital commitment as at 30 September 2012 amounted to approximately HK$141.4 million (31 March 2012: approximately HK$128.4 million). The Group had no significant contingent liabilities as at the reporting date.

Foreign Exchange

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

At the end of the reporting period, the Group had 210 (31 March 2012: 247) employees, of whom approximately 87.6% (31 March 2012: approximately 88.7%) were located in Hong Kong and the rest were located in the PRC. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonuses 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.

PROSPECTS

With the persistent sovereign debt crisis of a number of European countries and nationwide opposition to reduction in government spending and cut in retirement benefits for the general public, the global economy remains uncertain and challenging in 2012. In Hong Kong, the residential property market conditions had generally been positive due partly to the prevailing exceptionally low mortgage interest rates, strong demand from the PRC investors, growing inflation and relatively low unemployment rate. These positive factors were adversely affected by the recent introduction of Buyer's Stamp Duty of 15% on corporate and non-permanent-resident buyers of home in Hong Kong, extension of restriction period from 2 years to 3 years and increase in applicable rates ranging from 10% to 20% for Special Stamp Duties, the latter of which was first implemented in November 2010.

Under the influence of the third round of quantitative easing by the US Federal Reserve, there was massive influx of hot money into Hong Kong. The Hong Kong Monetary Authority had stepped in and tightened the requirements for granting new home loans to borrowers with more than one mortgage. All these measures will inevitably slow down transactions activities in both the primary and the secondary residential property markets in the short run. In anticipation of an increase in land supply in the short-and-medium term by the Hong Kong government, the property market will become more stable and healthy.

The Group continues to be a leader in the management of Chinese wet markets in Hong Kong. Coupled with its solid management experience and comprehensive database of stall operators, the Group will make every effort to increase its market share and improve the operation environment by constantly optimising its stall operators mix and introducing new elements to its managed Chinese wet markets.

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 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code effective from 1 April 2012 set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2012, except as noted hereunder.

Owing to other important engagements, Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau, being the independent non-executive directors of the Company, were unable to attend the special general meeting of the Company held on 20 August 2012 for considering and approving the grant of a loan facility to China Agri-Products Exchange Limited as provided for in code provision A.6.7 of the Corporate Governance Code.

The Group continues 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 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 2012 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 2012 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, 14 November 2012

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*