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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 2015**

INTERIM RESULTS

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2015, together with the comparative figures for the corresponding period in 2014. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
			(Restated)
REVENUE	3	658,941	653,533
Cost of sales		(421,078)	(288,908)
Gross profit		237,863	364,625
Other income and gains	4	17,001	19,902
Selling and distribution expenses		(32,548)	(21,461)
Administrative expenses		(73,492)	(75,793)
Other expenses		(1,073)	(529)
Finance costs	5	(13,035)	(7,275)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net		(45,901)	16,323
Fair value gains on investment properties, net		44,692	33,847
Impairment of investment in an associate		(11,200)	–
Impairment of an available-for-sale investment		–	(47,952)
Loss on deemed partial disposal of an associate		–	(76,110)
Share of profits and losses of:			
A joint venture		1,478	2,903
An associate		40,149	54,412

* For identification purpose only

		Six months ended 30 September	
	<i>Notes</i>	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
PROFIT BEFORE TAX	6	163,934	262,892
Income tax expense	7	(23,717)	(45,203)
PROFIT FOR THE PERIOD		<u>140,217</u>	<u>217,689</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		27,592	47,781
Reclassification adjustment for an impairment loss included in profit or loss		–	(47,952)
		<u>27,592</u>	<u>(171)</u>
Exchange differences on translation of foreign operations		62	(115)
Other reserves:			
Release upon deemed partial disposal of an associate		–	83
Share of other comprehensive income/(loss) of a joint venture		(2,497)	1,030
Share of other comprehensive income/(loss) of an associate		9,716	(2,245)
		<u>7,219</u>	<u>(1,132)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>34,873</u>	<u>(1,418)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>175,090</u>	<u>216,271</u>
Profit attributable to:			
Owners of the parent		140,520	217,942
Non-controlling interests		(303)	(253)
		<u>140,217</u>	<u>217,689</u>
Total comprehensive income attributable to:			
Owners of the parent		175,393	216,524
Non-controlling interests		(303)	(253)
		<u>175,090</u>	<u>216,271</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		<u>HK0.72 cent</u>	<u>HK1.11 cents</u>
Diluted		<u>HK0.72 cent</u>	<u>HK1.11 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015

	30 September 2015 <i>Notes</i> (Unaudited) <i>HK\$'000</i>	31 March 2015 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	76,840	66,973
Investment properties	1,245,550	1,569,570
Properties under development	300,436	300,273
Investment in a joint venture	94,062	95,082
Investment in an associate	600,832	504,702
Available-for-sale investments	519,256	478,104
Loans and interest receivables	–	371
Deposits paid	2,443	3,499
Deferred tax assets	–	3,649
	2,839,419	3,022,223
CURRENT ASSETS		
Properties under development	2,436,704	2,354,889
Properties held for sale	74,561	438,149
Trade receivables	10 1,172	3,120
Loans and interest receivables	134,728	84,978
Prepayments, deposits and other receivables	149,881	180,805
Financial assets at fair value through profit or loss	316,073	209,933
Tax recoverable	1,402	4,102
Cash and cash equivalents	764,702	1,046,987
	3,879,223	4,322,963
Assets classified as assets held for sale	331,300	–
	4,210,523	4,322,963
CURRENT LIABILITIES		
Trade payables	11 44,783	87,730
Other payables and accruals	29,870	65,357
Deposits received and receipts in advance	76,153	209,320
Interest-bearing bank and other loans	658,745	820,816
Provisions for onerous contracts	–	1,651
Tax payable	63,246	147,211
	872,797	1,332,085
Liabilities directly associated with the assets classified as held for sale	118,296	–
	991,093	1,332,085
NET CURRENT ASSETS	3,219,430	2,990,878
TOTAL ASSETS LESS CURRENT LIABILITIES	6,058,849	6,013,101

	30 September	31 March
	2015	2015
<i>Note</i>	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>6,058,849</u>	<u>6,013,101</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	1,736,464	1,807,781
Deferred tax liabilities	7,343	7,307
Other payables	14,714	7,581
	<u>1,758,521</u>	<u>1,822,669</u>
Total non-current liabilities		
	<u>1,758,521</u>	<u>1,822,669</u>
Net assets	<u>4,300,328</u>	<u>4,190,432</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	<i>12</i> 195,755	65,249
Reserves	4,104,898	4,125,205
	<u>4,300,653</u>	<u>4,190,454</u>
Non-controlling interests	(325)	(22)
Total equity	<u>4,300,328</u>	<u>4,190,432</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2015

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 to the Rules Governing the Listing of Securities on 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 annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

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 2015, which have been prepared in accordance with 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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and equity investments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKAS 19 <i>Annual Improvements</i> <i>2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of HKFRSs
<i>Annual Improvements</i> <i>2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the revised HKFRSs 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 the unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment engages in investment and the trading of industrial and commercial premises and residential units for rental or for sale;
- (c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets; and
- (d) the provision of finance segment engages in money lending and investments in debt securities.

During the year ended 31 March 2015, the board of directors of the Company has resolved that resources would continuously be deployed to the provision of finance business and accordingly, the provision of finance business was redesignated by the board of directors as one of the principal activities of the Group. The results of the provision of finance business are also separately reviewed and evaluated for management reporting purposes. Accordingly, the presentation of segment information for the six months ended 30 September 2014 has been restated to reflect this change of segment composition.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, head office and corporate income and expenses, share of profit and loss of a joint venture and share of profit and loss of an associate are excluded from such measurement.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Chinese wet markets		Provision of finance		Total	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Segment revenue:										
Sales to external customers	520,446	498,438	22,584	15,686	85,236	89,496	30,675	49,913	658,941	653,533
Other revenue	2,704	6,058	46,171	34,104	6,505	3,359	2,899	16,189	58,279	59,710
Total	<u>523,150</u>	<u>504,496</u>	<u>68,755</u>	<u>49,790</u>	<u>91,741</u>	<u>92,855</u>	<u>33,574</u>	<u>66,102</u>	<u>717,220</u>	<u>713,243</u>
Segment results	<u>99,153</u>	<u>244,897</u>	<u>56,074</u>	<u>32,971</u>	<u>16,127</u>	<u>16,938</u>	<u>(49,033)</u>	<u>63,402</u>	<u>122,321</u>	<u>358,208</u>
<i>Reconciliation:</i>										
Bank interest income									3,917	4,731
Finance costs									(13,035)	(7,275)
Corporate and unallocated income									34,172	5,631
Corporate and unallocated expenses									(25,068)	(155,718)
Share of profits and losses of:										
A joint venture									1,478	2,903
An associate									40,149	54,412
Profit before tax									163,934	262,892
Income tax expense									(23,717)	(45,203)
Profit for the period									<u>140,217</u>	<u>217,689</u>

4. OTHER INCOME AND GAINS

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

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Other Income		
Bank interest income	3,917	4,731
Imputed interest income from bond investment	1,888	–
Dividend income from listed securities	500	2,500
Management fee income	–	252
Others	9,993	9,723
	<u>16,298</u>	<u>17,206</u>
Gains		
Gain on disposal of financial assets at fair value through profit or loss, net	–	519
Gain on disposal of a subsidiary	703	–
Exchange gains, net	–	2,177
	<u>703</u>	<u>2,696</u>
Other income and gains	<u><u>17,001</u></u>	<u><u>19,902</u></u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other loans:	31,165	10,646
Less: Interest capitalised	<u>(18,130)</u>	<u>(3,371)</u>
	<u><u>13,035</u></u>	<u><u>7,275</u></u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Cost of services provided	72,111	75,774
Cost of properties sold	348,967	213,134
Depreciation	3,227	3,170
Amount utilised for onerous contracts, net	(1,651)	(1,591)
Losses on disposals of investment properties, net*	977	660
Impairment/(write-back of impairment of trade receivables), net*	96	(131)
	<u>72,111</u>	<u>75,774</u>

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

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2014: 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.

	Six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Current – Hong Kong	18,925	45,023
Deferred	4,792	180
	<u>18,925</u>	<u>45,023</u>
Total tax charge for the period	<u>23,717</u>	<u>45,203</u>

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

The calculation of the basic earnings per share amount for the six months ended 30 September 2015 is based on the profit attributable to ordinary equity holders of the parent of HK\$140,520,000 (six months ended 30 September 2014: HK\$217,942,000), and the weighted average number of ordinary shares of 19,575,375,487 (six months ended 30 September 2014: 19,574,805,063, as restated) in issue during the six months ended 30 September 2015, as adjusted to reflect the Bonus Issue (as defined in note 12 to these unaudited interim condensed consolidated financial statements) during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the effect of the deemed exercise of all outstanding share options into ordinary shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding share options into ordinary shares.

	Six months ended 30 September	
	2015	2014
	(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	<u>140,520</u>	<u>217,942</u>
	Number of Shares	
	2015	2014
	(Unaudited)	(Unaudited)
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	19,575,375,487	19,574,805,063
Effect of dilution – weighted average number of ordinary shares: Share options	<u>47,598</u>	<u>114,615</u>
Weighted average number of ordinary shares, used in diluted earnings per share calculation	<u>19,575,423,085</u>	<u>19,574,919,678</u>

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend – HK0.1 cent (2014: HK1.0 cent) per ordinary share	19,576	65,249
Special interim dividend by way of distribution in specie (<i>note</i>)	–	32,572
	<u>19,576</u>	<u>97,821</u>

Note:

On 19 November 2014, a special interim dividend was declared by way of distribution in specie of the shares of PNG Resources Holdings Limited (“PNG”) held by the Group to the shareholders of the Company in the proportion of 3 PNG shares for every 125 shares in the issued share capital of the Company. A total of 156,597,840 PNG shares with an aggregate market value of HK\$32,572,000 was recognised as distribution during the six months ended 30 September 2014.

10. TRADE RECEIVABLES

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

	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 90 days	1,485	3,101
91 days to 180 days	–	144
Over 180 days	–	92
	<u>1,485</u>	<u>3,337</u>
Less: Impairment	(313)	(217)
	<u>1,172</u>	<u>3,120</u>

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 the reporting period, based on the invoice date, is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within 90 days	<u>44,783</u>	<u>87,730</u>

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

12. SHARE CAPITAL

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Authorised: 40,000,000,000 ordinary shares of HK\$0.01 each	<u>400,000</u>	<u>400,000</u>
Issued and fully paid: 19,575,520,047 (31 March 2015: 6,524,935,021) ordinary shares of HK\$0.01 each	<u>195,755</u>	<u>65,249</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue (Unaudited)	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2015	6,524,935,021	65,249	1,462,363	1,527,612
Issue of shares upon exercise of share options	238,328	2	88	90
Bonus Issue (<i>note</i>)	<u>13,050,346,698</u>	<u>130,504</u>	<u>–</u>	<u>130,504</u>
At 30 September 2015	<u><u>19,575,520,047</u></u>	<u><u>195,755</u></u>	<u><u>1,462,451</u></u>	<u><u>1,658,206</u></u>

Note:

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 20 August 2015, the shareholders of the Company approved a bonus issue (the “**Bonus Issue**”) of the shares on the basis of two bonus shares for every share held by qualifying shareholders whose names appear on the register of members of the Company on 28 August 2015, being the date for determining the entitlement to the Bonus Issue. The Bonus Issue has been completed on 10 September 2015.

13. EVENT AFTER REPORTING PERIOD

On 13 November 2015, the Group entered into a conditional agreement with a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited (“**WYTH**”) to dispose of its entire equity interests in Good Excellent Limited and Sunbo Investment Limited, wholly-owned subsidiaries of the Group which are the holding companies of two properties located in Hong Kong, at a total consideration of HK\$70,000,000 (subject to adjustment upwards or downwards within 20% with reference to the valuation of such properties as at the date of completion to be valued by an independent valuer). The transaction is expected to be completed in December 2015 subject to the shareholders' approval of WYTH.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2014: HK1.0 cent and distribution in specie of shares in a listed issuer, namely PNG, in the proportion of three (3) shares of HK\$0.01 each of PNG for every multiple of 125 shares in the Company held of approximately HK0.5 cent) per share for the six months ended 30 September 2015. The interim dividend will be payable on or about Tuesday, 22 December 2015 to those shareholders whose names appear on the register of members of the Company on Friday, 11 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 December 2015 to Friday, 11 December 2015, both days inclusive, during which 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 certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 9 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2015 amounted to approximately HK\$658.9 million (six months ended 30 September 2014: approximately HK\$653.5 million, as restated), which was about the same level as the corresponding period last year. Profit attributable to owners of the parent for the six months ended 30 September 2015 was approximately HK\$140.5 million (six months ended 30 September 2014: approximately HK\$217.9 million), which represented a significant decrease of about 35.5% or approximately HK\$77.4 million. The relatively underperformed results of the current reporting period was mainly attributable to the decrease in gross profit contributed from property development projects and decrease in fair value of financial assets. The review of the individual business segments of the Group is set out below.

Property Development

Revenue recognised in this business segment for the reporting period was approximately HK\$520.4 million (six months ended 30 September 2014: approximately HK\$498.4 million), and it was mainly contributed by the major completion of delivery of “The Met. Delight” at Camp Street, Cheung Sha Wan as well as certain remaining units of “The Met. Sublime” at Kwai Heung Street, Sai Ying Pun.

One of the two unsold upper floor units in “726 Nathan Road” was contracted to sale in September 2015 with preliminary agreement being signed, expected completion of transaction will be in February 2016. The Group is actively seeking buyer for the final remaining upper floor unit. Besides, the shop located on ground floor had continued to generate rental income to the Group.

The site at 575-575A Nathan Road, Mong Kok has already commenced foundation work. The Group has been studying various designs of outlook and internal furnishings, and targets to develop this site into another versatile Ginza type commercial complex in the crowded Nathan Road area after the previous successful “726 Nathan Road” project. Targeted completion date of this development is expected to be in late 2017.

The site at Ma Kam Street, Ma On Shan in Sha Tin (Sha Tin Town Lot No. 599) was acquired in July 2014 through a tender of Hong Kong Government land sale. It is a residential development site with flat number restrictions with a required minimum of 310 units to be built. General building plan has been approved and foundation works in the site has been undergoing smoothly. Expected completion of this project will be in early 2018. The Group owns 60% equity interest in this development and the results and financial position will be consolidated into the financial statements of the Group.

Another site at Hang Kwong Street, Ma On Shan in Sha Tin (Sha Tin Town Lot No. 598) was also acquired through a tender of the Hong Kong Government land sale in September 2014. It is also a residential development site with flat number restrictions with minimum of 180 units to be built. Again, general building plan has been approved and foundation works has already been progressing. This site will probably be delivered to purchaser earlier than the Ma Kam Street site, in late 2017. The Group also owns 60% equity interest in this development and the results and financial position will be consolidated into the financial statements of the Group.

The Group's third residential land piece in Sha Tin district, the site at Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587) was also acquired in the same way as the previous two in February 2015. General building plan has been approved, slope and site formation works will soon begin. The site is situated at an area of traditionally prime residential zone neighboring the Sha Tin Heights Road and Lower Shing Mun Road, which makes it highly favourable for premium residential development. The Group solely owns this development and it is expected the project will be delivered to purchasers in early 2019.

Development works of the site at nos. 13 and 15 Sze Shan Street, Yau Tong is still being paused, the negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site was pending.

As at 31 October 2015, the Group had a development land portfolio as follows:

Location	Approximate Site Area (Square feet)	Intended Usage	Anticipated Year of Completion
575-575A, Nathan Road, Mong Kok Hang Kwong Street, Ma On Shan	2,100	Commercial	2017
(Sha Tin Town Lot No. 598)	33,000	Residential	2017
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,000	Residential	2018
Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587)	71,000	Residential	2019
13 and 15, Sze Shan Street, Yau Tong	41,000	Residential and Commercial	2020

The Group understands that having a sufficient development land reserve is paramount to the sustainable operation in the long term, therefore the Group will continue to participate actively in tenders of the Hong Kong Government land sale as well as private purchases. Besides, as the soaring construction costs had long been a major concern and risk factor in the property development industry in recent years, close monitor of budget and progress control of existing property development projects will be consistently enforced, while striving for high quality standard. The Group hopes its experience in the industry, dedication and pursuit of quality will gradually build up a recognised brand of quality property developer.

Property Investment

During the reporting period, gross rental income received by the Group amounted to approximately HK\$22.8 million (six months ended 30 September 2014: approximately HK\$15.7 million), which represents an increase of approximately HK\$7.1 million over the corresponding period last year. The increase in gross rental income was primarily attributable to the additional rental income generated from the shop unit at Percival Street, Causeway Bay which was acquired by the Group in February 2015. Tenancy agreement was entered into in February 2015 with a gross monthly rental of HK\$0.9 million.

As at 30 September 2015, the Group's portfolio of investment properties comprised of commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK\$1,245.6 million (31 March 2015: approximately HK\$1,569.6 million). During the six months ended 30 September 2015, the Group had disposed of certain investment properties at consideration totaling to approximately HK\$29.8 million. Impact on rental income of the Group for the reporting period by these investment properties is considered minimal.

Besides, the Group had also entered into a provisional sale and purchase agreement in August 2015 for the disposal of a subsidiary which held a shop unit at Mong Kok Road, Mong Kok at a consideration of HK\$158.0 million, details of which had been set out in the Company's announcement dated 12 August 2015, completion of which took place on 11 November 2015. Furthermore, on 13 November 2015, the Group entered into a conditional sale and purchase agreement for the disposal of two subsidiaries which are currently holding two shops at Tsuen Wan and Sham Shui Po for an aggregate consideration of HK\$70.0 million (subject to adjustment upwards or downwards within 20% with reference to the valuation of the such properties as at the date of completion to be valued by an independent valuer), completion of which is subject to, *inter alia*, approval by the shareholders of WYTH.

Riviera Plaza, the shopping mall in Tsuen Wan is in the process of finalising the general building plan and applying for alteration and enhancement approval. Renovation works will be carried out immediately after then, and target completion date is expected to be in the first quarter of 2017. The Group intends to revamp the mall into trendy neighborhood mall providing great variety of shopping choices and exciting experiences, hoping it will be a new iconic landmark in the region.

The Group will keep a close monitor of the portfolio to ensure a sustainable recurring rental income while at the same time maximising the overall return, and continue to explore potential property investment opportunities.

Management and Sub-licensing of Chinese Wet Markets

For the six months ended 30 September 2015, revenue recorded for this segment amounted to approximately HK\$85.2 million (six months ended 30 September 2014: approximately HK\$89.5 million), representing a decrease of approximately HK\$4.3 million over the corresponding period last year.

During the reporting period, the Group managed substantially a portfolio of nine Chinese wet markets in Hong Kong under the “Allmart” brand with a total gross floor area of over 215,000 square feet and approximately 698 stalls. Two new wet markets, namely Lei Tung Estate in Ap Lei Chau and Shui Chuen O Estate in Sha Tin will be added to the operating portfolio soon. The Chinese wet market in Lei Tung Estate is currently in the process of renovation and is expected to complete by January 2016, while the one in Shui Chuen O Estate is arranging for vacant possession and renovation should immediately follow. After completion of the above, the Group will be operating a total of 11 Chinese wet markets by then.

Chinese wet markets have experienced great changes and challenges in recent years. Nowadays shoppers not only look for variety of choices, but also pleasant, convenient and trendy experience in the shopping process. As more and more supermarkets and chain stores are joining the market competition to attract shoppers for groceries and daily necessities, the distinction between traditional wet markets and other types of stores are becoming blurrer. Further, shoppers are beginning to look for similar kind of environment and experiences in wet markets when compared to superstores. This has created much challenges to Chinese wet market operators like the Group. As one of the major wet market operators and to maintain competitive edge, the Group has committed to dedicate further resources in upgrading its existing managed Chinese wet markets as well as to secure new Chinese wet markets.

In Mainland China, the Group managed a portfolio of approximately 1,000 stalls in 17 Chinese wet markets with a total gross floor area of over 283,000 square feet under the “Huimin” brand in various districts of Shenzhen, Guangdong Province. The operation in Mainland China has generated a stable income for the Group. The Group is committed to expand further in Mainland China and is currently looking for other opportunities in this segment in other regions within Mainland China.

Provision of Finance

The Group had designated provision of finance as an additional business line of the Group during the last financial year. For the reporting period, the Group had extended further credit facilities to other corporations and individuals and revenue generated from this segment amounted to approximately HK\$30.7 million (six months ended 30 September 2014: approximately HK\$49.9 million).

Given the higher borrowing costs in neighboring areas and the tightened mortgage lending policy in Hong Kong, it is expected that the amount and scale of lending by the Group will expand further in the next half of the year.

Investment in Pharmaceutical and Health Products Related Business

As at 30 September 2015, the Group held 22.08% interest in WYTH, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, which represents an increase of 1.58% from 31 March 2015, following the rights issue of WYTH shares by WYTH completed on 18 May 2015.

For the six months ended 30 September 2015, WYTH recorded a turnover of approximately HK\$376.8 million (six months ended 30 September 2014: approximately HK\$381.0 million) and profit attributable to equity holders of approximately HK\$67.7 million (six months ended 30 September 2014: approximately HK\$11.5 million). The significant increase in its results was mainly attributable to, among other things, the gain on bargain purchase of additional interest in an associate in end of September 2015, despite the decrease in fair value of equity investments and the loss on deemed partial disposal of equity interests in an associate. The Group's share of profit of WYTH for six months ended 30 September 2015 amounted to approximately HK\$40.1 million (six months ended 30 September 2014: approximately HK\$54.4 million), included a gain on bargain purchase from the acquisition of additional interest in WYTH amounted to approximately HK\$26.3 million (six months ended 30 September 2014: approximately HK\$50.3 million).

Owing to a number of economic and political factors, there had been an apparent slowdown of visitor numbers of and spendings by Mainland China customers in Hong Kong recently. The effect is expected to cause certain hit on the performance of WYTH. For the sake of prudence, the Group has made a provision for impairment of its investment in WYTH amounted to approximately HK\$11.2 million (six months ended 30 September 2014: Nil). Nevertheless, given the solid foundation and recognised brand values of WYTH both locally and in the Greater China region, the Group is of the view that the business of WYTH should grow steadily thereafter. The Group regards its investment in WYTH as long term and is confident that that it will enhance the Group's shareholders' value in the long run.

Investment in and Loan Facility Granted to China Agri-Products Exchange Limited (“CAP”)

The Group’s original 0.03% equity interest in CAP as at 31 March 2015 was diluted after a capital reorganisation and rights issue by CAP completed on 14 May 2015, to 0.003% as at 30 September 2015.

On 4 October 2014, the Group entered into a subscription agreement with CAP, pursuant to which the Group will subscribe up to a maximum principal amount of HK\$200.0 million two-year 8.5% coupon interest bonds and HK\$330.0 million five-year 10.0% coupon interest bonds to be issued by CAP (collectively “**CAP Bonds**”), details of which were set out in the Company’s announcement and circular dated 4 October 2014 and 24 October 2014, respectively. As at 30 September 2015, the fair value of CAP Bonds held by the Group amounted to approximately HK\$495.7 million (31 March 2015: approximately HK\$465.7 million).

Besides, as at 30 September 2015, CAP was indebted to the Group in the principal amount of HK\$90.0 million (31 March 2015: approximately HK\$50.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2015, the Group’s total assets less current liabilities were approximately HK\$6,058.8 million (31 March 2015: approximately 6,013.1 million) and the current ratio increased from approximately 3.2 times as at 31 March 2015 to approximately 4.2 times as at 30 September 2015.

As at 30 September 2015, the Group had cash resources and short-term investments of approximately HK\$1,080.8 million (31 March 2015: approximately HK\$1,256.9 million). Aggregate borrowings as at 30 September 2015 amounted to approximately HK\$2,395.2 million (31 March 2015: approximately HK\$2,628.6 million). The gearing ratio was approximately 37.9% (31 March 2015: approximately 37.7%), calculated by reference to the Group’s total bank and other borrowings net of cash and cash equivalents and the equity attributable to owners of the parent.

As at 30 September 2015, the Group’s land and buildings, investment properties (including assets held for sale), properties under development and properties held for sale, with carrying value of approximately HK\$61.1 million, HK\$1,431.9 million, HK\$2,737.1 million and HK\$24.8 million (31 March 2015: approximately HK\$62.0 million, HK\$1,516.7 million, HK\$2,655.2 million and HK\$359.1 million) were pledged to secure the Group’s general banking facilities.

The Group's capital commitment as at 30 September 2015 amounted to approximately HK\$224.1 million (31 March 2015: approximately HK\$49.7 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The Group strives to strengthen and improve its financial risk control on a continual basis and had consistently adopted a prudent approach in financial management. Financial resources and movements are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. The 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.

FOREIGN EXCHANGE

The management of the Group 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, also being mostly denominated in Hong Kong dollar, matches the currency requirements of the Group's operating expenses. On the other hand, the Group holds certain foreign currency deposits, primarily denominated in Renminbi, which the management of the Group considers the amount is relatively low and the potential currency risk is minimal. Therefore, the Group does not engage in any hedging activities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 201 (31 March 2015: 182) employees, of whom approximately 98.0% (31 March 2015: 98.4%) 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 the individual's performances. The Group had a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually or biannually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

PROSPECTS

After a prolonged period of upward movements, recently the property market in Hong Kong seems to show a sign of stagnancy or slight decline, in terms of both transaction numbers and prices. The second hand market had been very quiet during this year to date, even there were transactions, increasing number of which are sold for below the prevailing market prices, while previously flats in the secondary market kept setting high records. Sentiment in market was poor and buyers had been very cautious. Continuing implementation of cooling measures by the Hong Kong Government, general expectation of an interest rates hike, turbulences in the stock markets across the region, as well as the signs of slowdown of economies both in Hong Kong and Mainland China were presumed to be the contributing factors to the poor sentiment in the market.

Despite the various signaling factors, it would be premature to assume or conclude that the property market in Hong Kong has turned direction or a significant adjustment would be likely. There are always some owners and investors for individual reasons deciding to unload their flats at a particular time or at below market prices when in face uncertainties in the market. In fact, many of them still have strong holding power due to their low loan to value ratio and low interest cost. Whether the stagnancy will develop into a trend is yet to be seen. Unless there is a big change in economic fundamentals, the Federal Reserve's move on interest rates is expected to be gradual and should not exert significant impact on property prices in Hong Kong.

The ever increasing population of Hong Kong, coupled with a strong home starter demand, and the lack of a fast-track supply replenishment solutions should continue to generate certain support to the property market in Hong Kong and the demand-supply imbalance should continue in the foreseeable future. The Hong Kong Government has announced previously its plan to add 480,000 units of flats over the next 10 years and has been vigorously studying potential developments in various regions like Kowloon East, East Lantau and other outlying areas. This should imply favourable business opportunities for developers. At present, the imminent concern to developers is however the ever soaring construction cost, particularly the labour. Besides, many Mainland China based developers have become active and increasingly aggressive in tendering land sale in Hong Kong which had made competition of land acquisitions more fiercer. As a result of these, the Group will maintain its proactive attitude to search for business opportunities and secure sustainable land bank for long term development, and will keep close scrutiny on existing projects to ensure completion in efficient and quality manner, delivering the best possible products to purchasers.

As regard Chinese wet markets, advanced facilities, customer services and marketing gimmicks in a collective sense is a new theme for competition in the market. The distinction between superstores and wet markets had become blurred over the past few years. Customers want to feel the authentic ambience of a traditional wet markets, but at the same time look for bright, neat and convenient buying environment. As a result of this, the Group will dedicate enough resources to enhance existing and newly acquired wet markets, and introduce more automated facilities as well as featured tenants and services. The wet markets in Lei Tung Estate in Ap Lei Chau and Shui Chuen O Estate in Sha Tin will be the Group's next featured new wet markets. The search for further opportunities in the wet market operations in Mainland China is also undergoing. We are optimistic about the business development in this sector.

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 2015.

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 set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2015.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2015 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 HKExnews at (www.hkexnews.hk) and the Company at (www.wangon.com). The 2015 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 19 November 2015

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*