THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

WANG ON GROUP LIMITED

（宏安集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION OF RIGHTS SHARES COMPRISING THE FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT AND THE EXCESS APPLICATION FOR RIGHTS SHARES UNDER THE WOG IRREVOCABLE UNDERTAKING IN RELATION TO A PROPOSED RIGHTS ISSUE BY WAI YUEN TONG MEDICINE HOLDINGS LIMITED AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the SGM (as defined in this circular) to be held at 20/F., Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 26 August 2016 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

* *For identification purpose only*

9 August 2016

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

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Application Forms"	collectively, the EAF(s) and the PAL(s)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of the Directors
"Bond"	a 10.0% bond due on 28 November 2019 with an outstanding principal amount of HK$200,000,000 issued by CAP, being the subject of the Bond Transfer Agreement
"Bond Transfer Agreement"	a conditional sale and purchase agreement dated 5 July 2016 (as amended by a supplemental agreement dated 8 July 2016) entered into between Double Leads, the Company and Winning Rich under which Winning Rich will acquire the Bond from Double Leads and the Company will provide a guarantee in favour of Winning Rich for the due and punctual performance of CAP's obligations under the Bond
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CAP"	China Agri-Products Exchange Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 0149)
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Company"	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Directors"	the director(s) of the Company
"Double Leads"	Double Leads Investments Limited, an indirectly wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding
"EAF(s)"	the form of application for excess Rights Shares
"Enlarged Group"	collectively, the Group and the WYT Group
"Excluded WYT Shareholder(s)"	the Overseas WYT Shareholder(s) whose registered addresses in WYT's register of members as at the Record Date are in places where the WYT Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such WYT Shareholders
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate(s)
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

* *For identification purpose only*

"Independent Third Party(ies)"	a person who: (i) is not (and will not become as a result of the consummation of the Rights Issue) a connected person of WYT and is not deemed a connected person of WYT pursuant to Rules 14A.19 to 14A.21 of the Listing Rules; (ii) is not financing the subscription of the Rights Shares directly or indirectly by a connected person of WYT; (iii) is not accustomed to taking instructions from a connected person of WYT in relation to the acquisition, disposal, voting or other disposition of securities of WYT registered in its name or otherwise held by it; and (iv) would not result in its aggregate holding (direct and indirect) in the total issued share capital of WYT being 10.0% or more of WYT's entire issued share capital at any time
"Joint Announcement"	the joint announcement dated 8 July 2016 issued by the Company and WYT in relation to, among other things, the Rights Issue
"Last Trading Day"	Tuesday, 5 July 2016, being the last trading day for the WYT Shares on the Stock Exchange before the release of the Joint Announcement
"Latest Practicable Date"	5 August 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 21 September 2016 or such later time or date as may be agreed between the Underwriter and WYT in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents

"Latest Time for Termination"	4:00 p.m. on Tuesday, 27 September 2016, which is the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and WYT in writing, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Overseas WYT Shareholder(s)"	WYT Shareholder(s) whose address(es) on the register of members of WYT on the Record Date are outside Hong Kong
"PAL(s)"	provisional allotment letter(s) for the Rights Issue
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China
"Prospectus"	the prospectus to be despatched to the Qualifying WYT Shareholders (and the Excluded WYT Shareholder(s) for information only) on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between WYT and the Underwriter
"Prospectus Documents"	the Prospectus, the PAL(s) and the EAF(s)
"Prospectus Posting Date"	Tuesday, 6 September 2016 or such other day as may be agreed between WYT and the Underwriter, being the date of despatch of the Prospectus Documents
"Qualifying WYT Shareholder(s)"	WYT Shareholder(s), whose names appear on the register of members of WYT as at the Record Date, other than the Excluded WYT Shareholders
"Record Date"	Monday, 5 September 2016, being the date by reference to which entitlements to the Rights Issue will be determined
"Rich Time"	Rich Time Strategy Limited, an indirectly wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding

"Rights Issue"	the proposed issue of the Rights Shares by way of rights to the Qualifying WYT Shareholders for subscription on the terms to be set out in the Prospectus Documents
"Rights Share(s)"	not less than 948,857,166 WYT Shares and not more than 949,013,133 WYT Shares proposed to be offered by way of rights to the Qualifying WYT Shareholders for subscription on the basis of three (3) Rights Shares for every one (1) WYT Share held on the Record Date pursuant to the Rights Issue
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held at 20/F., Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 26 August 2016 at 11:00 a.m. to consider and approve, among other things, the WOG Irrevocable Undertaking and the transactions contemplated thereunder
"Share(s)"	the ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Share Option(s)"	the options issued or to be issued under the share option schemes adopted by the WYT Shareholders at the general meetings of WYT held on 18 September 2003 and 22 August 2013
"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price in respect of each Rights Share, being HK$0.43

"subsidiaries"	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers promulgated by the SFC
"Underwriter" or "Kingston"	Kingston Securities Limited, a corporation licensed by the SFC to carry out business in type 1 regulated activity (dealing in securities) under the SFO
"Underwriting Agreement"	the underwriting agreement dated 5 July 2016 (as amended by a supplemental agreement dated 8 July 2016 and a second supplemental agreement dated 27 July 2016) entered into between WYT and the Underwriter in relation to the Rights Issue
"Whitewash Waiver"	a waiver to be granted by the Executive pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code in respect of the obligation of the Company to make a general offer for all the issued WYT Shares not already owned or agreed to be acquired by the Company and parties acting in concert with it which may otherwise arise as a result of the subscription of the Rights Shares by members of the Group pursuant to the WOG Irrevocable Undertaking
"Winning Rich"	Winning Rich Investments Limited, an indirectly wholly-owned subsidiary of WYT and a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding
"WOG Concert Group"	means, as at the Latest Practicable Date, the Company and persons acting in concert with it (within the meaning of the Takeovers Code), including Rich Time
"WOG Irrevocable Undertaking"	an irrevocable undertaking dated 5 July 2016 given by Rich Time in favour of WYT

"WYT"	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
"WYT Board"	the board of the WYT Directors
"WYT Circular"	the circular of WYT to be issued on or around the same date of this circular in relation to, among other things, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
"WYT Directors"	the director(s) of WYT
"WYT Group"	WYT and its subsidiaries
"WYT Independent Shareholder(s)"	WYT Shareholders other than (i) the WYT Directors (excluding independent non-executive WYT Directors), chief executive of WYT and their respective associates; (ii) members of the WOG Concert Group; and (iii) any WYT Shareholder who are involved in, or interested in, or have a material interest in the Rights Issue, the Bond Transfer Agreement and/or the Whitewash Waiver
"WYT Registrar"	WYT's branch share registrar and transfer office in Hong Kong, which is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"WYT SGM"	the special general meeting of WYT to be convened and held to consider and approve, among other things, the Rights Issue and the Whitewash Waiver
"WYT Shareholders"	the holder(s) of the WYT Share(s)
"WYT Shares"	the ordinary share(s) of HK$0.01 each in the issued share capital of WYT
"%"	per cent.

* *For identification purpose only*

WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

Executive Directors:
Mr. Tang Ching Ho, *JP* *(Chairman)*
Ms. Yau Yuk Yin *(Deputy Chairman)*
Mr. Chan Chun Hong, Thomas
(Managing Director)

Independent non-executive Directors:
Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*
Mr. Wong Chun, Justein, *BBS, MBE, JP*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Siu Kam Chau

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

Head office and principal place of business in Hong Kong:
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

9 August 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE SUBSCRIPTION OF RIGHTS SHARES COMPRISING THE FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT AND THE EXCESS APPLICATION FOR RIGHTS SHARES UNDER THE WOG IRREVOCABLE UNDERTAKING IN RELATION TO A PROPOSED RIGHTS ISSUE BY WAI YUEN TONG MEDICINE HOLDINGS LIMITED; AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Joint Announcement in respect of, amongst others, the Rights Issue. As stated in the Joint Announcement, WYT proposed to raise gross proceeds of up to approximately HK$408.0 million (assuming no exercise of the outstanding Share Options before the Record Date) or approximately HK$408.1 million (assuming full exercise of the outstanding Share Options before the Record Date), before expenses, by way of the Rights Issue of not less than 948,857,166 Rights Shares and not more than 949,013,133 Rights Shares to the Qualifying WYT Shareholders at the Subscription Price of HK$0.43 per Rights Share, on the basis of three (3) Rights Shares for every one (1) WYT Share held on the Record Date.

* *For identification purpose only*

Pursuant to the WOG Irrevocable Undertaking, Rich Time, an indirectly wholly-owned subsidiary of the Company, has irrevocably undertaken to WYT to subscribe for 209,492,205 Rights Shares which will be provisionally allotted to it nil-paid pursuant to the Rights Issue. In addition, Rich Time has irrevocably undertaken to WYT to apply, by way of excess application, for an additional 370,000,000 Rights Shares. As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the subscription in full for Rich Time's provisional entitlement under the Rights Issue and its application for 370,000,000 Rights Shares by way of excess application under the Rights Issue pursuant to the WOG Irrevocable Undertaking exceed 25% but are less than 100%, the transactions constitute a major transaction for the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further details of the WOG Irrevocable Undertaking and the transactions contemplated thereunder and a notice convening the SGM.

THE WOG IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Company, through its indirectly wholly-owned subsidiary, Rich Time, is interested in 69,830,735 WYT Shares, representing approximately 22.08% of the issued share capital of WYT.

On 5 July 2016 (after trading hours of the Stock Exchange), Rich Time entered into the WOG Irrevocable Undertaking in favour of WYT, under which it conditionally agreed, among other things:

(i) to subscribe, or procure its associates to subscribe, for 209,492,205 Rights Shares which comprise the full acceptance of its provisional entitlements;

(ii) to procure that the WYT Shares comprising its current shareholding in WYT will remain beneficially owned by it on the Record Date;

(iii) to procure that its acceptance of the 209,492,205 Rights Shares which will be provisionally allotted to it nil-paid under the Rights Issue be lodged with the WYT Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions printed on the PAL(s);

(iv) to apply, or procure its associates to apply, by way of excess application, for 370,000,000 Rights Shares;

(v) to procure that the EAF(s) for 370,000,000 Rights Shares be lodged with the WYT Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions printed on the EAF(s); and

(vi) to accept, or procure acceptance of all the excess Rights Shares applied for or any lesser number of excess Rights Shares allotted to it and/or its associates (to the extent being allocated by WYT pursuant to the terms of the Underwriting Agreement where the total number of excess Rights Shares available for allocation to Rich Time and/or its associates is less than or equal to the total number of excess Rights Shares applied for by it and/or its associates).

Rich Time's obligations under the WOG Irrevocable Undertaking are conditional upon:–

(i) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve, among others, the subscription for 209,492,205 Rights Shares comprising Rich Time's provisional entitlement under the Rights Issue and the application for an additional 370,000,000 Rights Shares by way of excess application under the Rights Issue pursuant to the WOG Irrevocable Undertaking; and;

(ii) the conditions of the Rights Issue (other than condition (viii) referred to in the section headed "Conditions of the Rights Issue" in this circular) having been fulfilled.

Conditions of the Rights Issue

The Rights Issue is subject to the fulfillment of the following conditions under the Underwriting Agreement:

(i) the passing of all the necessary resolution(s) by the WYT Independent Shareholders at the WYT SGM approving and confirming: (a) the Rights Issue and the transactions contemplated thereunder and authorising the WYT Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms); (b) the Bond Transfer Agreement and the transactions contemplated thereunder; and (c) the Whitewash Waiver, each in accordance with the bye-laws of WYT, the Listing Rules and the Takeovers Code on or before the Record Date;

(ii) the Executive granting to the Company the Whitewash Waiver and the satisfaction of all conditions (if any) attached thereto;

(iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two WYT Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the WYT Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(iv) the posting of the Prospectus Documents to the Qualifying WYT Shareholders and the posting of the Prospectus to the Excluded WYT Shareholders, if any, for information purposes only, on or before the Prospectus Posting Date;

(v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;

(vi) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination;

(vii) the compliance with and performance by WYT of all the undertakings and obligations under the terms of the Underwriting Agreement;

(viii) the compliance with and performance of all undertakings and obligations of Rich Time, or any of its respective associates, under the WOG Irrevocable Undertaking;

(ix) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares;

(x) there being no Specified Event occurring prior to the Latest Time for Termination; and

(xi) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve, among others, the subscription of Rights Shares (including the subscription for entitled Rights Shares and by way of excess application) under the Rights Issue pursuant to the WOG Irrevocable Undertaking and the transactions contemplated thereunder.

These conditions are incapable of being waived. If any of the above conditions is not satisfied in whole by the Latest Time for Termination (or such other time and/or date specified therein) or such other time and/or date as WYT and the Underwriter may agree in writing, the Underwriting Agreement shall be terminated accordingly and the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

WYT's Reasons for the Rights Issue

The following sets out the reasons for the Rights Issue as disclosed by WYT in the Joint Announcement.

The WYT Group is principally engaged in: (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical products, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment.

The WYT Board is optimistic about the future growth and development of WYT, in light of increasing public awareness and concern about personal health and the rising trend of people consuming health and nutrition supplements. The WYT Group's establishment of integrated Chinese medical centres to provide Chinese medicine consultation services has proven successful, and the WYT Group will continue to explore ways to further expand its Chinese medicine consultation services. The WYT Group intends to further expand its product range to broaden its customer base, while still focusing on continuous product development, added promotional and marketing efforts and broadening the sales channels of its existing well-known "Madame Pearl's", "Pearl's" and "Pearl's Mosquitout" products.

The Rights Issue will enable WYT to strengthen its equity base and liquidity without incurring additional interest costs, thereby bolstering its ability to capitalise upon greater business opportunities associated with its principal business engagements. The Rights Issue also affords all Qualifying WYT Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares, and participate as fully as they wish in the growth opportunity of WYT by way of applying for excess Rights Shares. It allows the Qualifying WYT Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit. By comparison, had WYT raised equity of similar size in the form of a placing, such an exercise would not have allowed all Qualifying WYT Shareholders to participate in the capital exercise and those excluded WYT Shareholders would be diluted without being given an opportunity to maintain their percentage interests.

Reasons for the WOG Irrevocable Undertaking

Based on the following reasons, the Directors consider the terms of the WOG Irrevocable Undertaking are fair and reasonable and believe that the subscription of Rights Shares (including by way of excess application) pursuant to the WOG Irrevocable Undertaking is in the best interests of the Company and the Shareholders as a whole:

(i) **Participation in WYT's growth:** Taking into account the WYT Group's financial position and its track record of continuous profitability in the past four consecutive financial years in a challenging market, its research and development plans to set up new plants and expand its product lines, and its further penetration into the PRC market with its flagship Chinese medicine clinic at Nanshan, Shenzhen, which is designed to provide traditional Chinese medical services with a well organised team of Chinese medicine practitioners and professional therapists in acupuncture and chiropractic massage, the Board is optimistic about the future prospect of WYT and believes that the Rights Issue will strengthen the capital base of WYT so that WYT will be in a position to capture more business opportunities associated with its principal business engagements ahead. In addition, the WOG Irrevocable Undertaking is given in order to support and maintain the value of the Group's investment in WYT and the excess application to be made thereunder to increase its shareholding in WYT to potentially take up a controlling stake in WYT will provide the Group an opportunity to participate in additional future returns of WYT.

(ii) **Subscription of Rights Shares:** On the basis that, in addition to the Rights Shares to which Rich Time is provisionally entitled under the Rights Issue, it will receive in full the 370,000,000 Rights Shares for which it will have made an excess application pursuant to the WOG Irrevocable Undertaking, (which is determined taking into account the benefits of participating in the Rights Issue and potentially taking up a controlling interest in WYT, the financial position of the Group and its liquidity requirement for its business operations) the Group will have a maximum shareholding interest of up to approximately 51.32% in WYT upon completion of the Rights Issue, remain as the single largest WYT Shareholder and WYT will become subsidiary of the Company. The Group may then enjoy any benefits from consolidating the financial results of the WYT Group.

(iii) **Subscription Price:** Given that the Subscription Price represents: (a) a discount of approximately 48.81% to the closing price of HK$0.84 per WYT Share as quoted on the Stock Exchange on the Last Trading Day, (b) a discount of approximately 18.87% to the theoretical ex-entitlement price of approximately HK$0.53 per WYT Share after the Rights Issue, based on the closing price of HK$0.84 per WYT Share as quoted on the Stock Exchange on the Last Trading Day, (c) a discount of approximately 94.14% to the audited total equity attributable to the owners of WYT per WYT Share of approximately HK$7.34 as at 31 March 2016, and (d) a discount of approximately 25.86% to the closing price of HK$0.58 per WYT Share as quoted on the Stock Exchange on the Latest Practicable Date, the Board considers the Subscription Price to be attractive and that the Rights Issue is a valuable opportunity for the Group to increase its shareholding in WYT.

The Group does not intend to propose changes to the board composition of WYT after completion of the Rights Issue, or introduce any major changes to the businesses of the WYT Group upon completion of the Rights Issue, including redeployment of the fixed assets of the WYT Group, injecting new businesses into WYT, or acquiring new businesses or assets, or disposing of, discontinuing or scaling down the WYT Group's existing business segments.

Financial impact on the Company of the WOG Irrevocable Undertaking

Assuming:

(i) Rich Time subscribes for its provisional entitlement under the Rights Issue in full in accordance with the terms of the WOG Irrevocable Undertaking;

(ii) none of the Qualifying WYT Shareholders (other than Rich Time) or the transferees to whom any such Qualifying WYT Shareholders has transferred their provisional entitlements take up the Rights Shares to which they are entitled by the Latest Time for Acceptance or otherwise in accordance with the instructions set out on the relevant PAL(s); and

(iii) Rich Time receives in full the 370,000,000 Rights Shares for which it will have made an excess application pursuant to the terms of the WOG Irrevocable Undertaking,

the direct interests of the Group in the issued share capital of WYT immediately upon completion of the Rights Issue will increase from approximately 22.08% to a maximum of approximately 51.32%. WYT will become a subsidiary of the Company and the results of WYT will be consolidated into the Group's financial statements.

Upon completion of the Rights Issue, assuming Rich Time subscribes for its provisional entitlement under the Rights Issue in full in accordance with the terms of the WOG Irrevocable Undertaking:

(i) but receives none of the 370,000,000 Rights Shares for which it will have made an excess application pursuant to the terms of the WOG Irrevocable Undertaking, the Group would record a loss of approximately HK$3.8 million (after deduction of the relevant estimated expenses incurred thereon) Such losses represent legal and professional expenses of approximately HK$2.0 million to be incurred by the Group in respect of the WOG Irrevocable Undertaking and a further amount of HK$1.8 million, being the legal and professional expenses in connection with the Rights Issue accounted for by the Group as a 22.08% shareholder of WYT; or

(ii) receives in full the 370,000,000 Rights Shares for which it will have made an excess application pursuant to the terms of the WOG Irrevocable Undertaking, based on the unaudited pro forma financial information of the Group upon completion of the WOG Subscription (as hereinafter defined) as set out in Appendix III to this circular, the Group would record a net gain of approximately HK$581.8 million, which is calculated:

(a) on the basis of the fair value the net identifiable assets attributable to owners of WYT of approximately HK$2,336.6 million for the year ended 31 March 2016;

(b) on the basis of the Company's interest in WYT of approximately HK$571.5 million as at 31 March 2016; and

(c) by reference to the Rights Issue which is expected to generate net proceeds of approximately HK$399.8 million (assuming no exercise of the outstanding Share Options before the Record Date) or approximately HK$399.9 million (assuming full exercise of the outstanding Share Options before the Record Date).

Such potential gain is estimated based on currently available information and is subject to the valuation of the fair value of the net identifiable assets of WYT and WYT's financial position as at the date of completion of the Rights Issue and is subject to the review by auditors.

Based on the assumptions set out above in this section, Rich Time will pay a maximum aggregate amount of approximately HK$249.2 million to subscribe 209,492,205 Rights Shares in full for its provisional entitlement and for the 370,000,000 Rights Shares for which it will make an excess application under the Rights Issue pursuant to the WOG Irrevocable Undertaking. The consideration will be fully satisfied in cash and will be financed entirely by the internal resources of the Group.

There will be no variation to the aggregate remuneration payable to and benefits in kind receivable by the Directors as a result of the transactions contemplated under the WOG Irrevocable Undertaking.

Basis of determining the Subscription Price and subscription ratio of the Rights Issue

As set out in the Joint Announcement, the Subscription Price and the subscription ratio of the Rights Issue were determined, among others, as a result of arm's length negotiations between WYT and the Underwriter, and reflects the best commercial deal that WYT could obtain on terms commercially acceptable to it.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the WYT Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Application for listing of the Rights Shares

WYT has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of WYT is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

INFORMATION OF THE GROUP AND THE WYT GROUP

The Group is principally engaged in management and sub-licensing of Chinese wet markets and provision of finance in Hong Kong and the PRC and property investment and property development in Hong Kong through its listed subsidiary, Wang On Properties Limited (Stock Code: 1243). It also has interests in the pharmaceutical business through its investments in WYT.

The WYT Group is principally engaged in: (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical products, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment.

The following information for the two financial years ended 31 March 2016 and 2015 is extracted from the 2016 annual report of WYT:

	For the year ended 31 March	
	2016	**2015**
	(HK$'000)	*(HK$'000)*
Revenue	825,331	831,088
Profit before taxation	29,066	120,778
Profit for the year	25,227	120,851

	As at 31 March	
	2016	**2015**
	(HK$'000)	*(HK$'000)*
Net Assets	2,329,556	2,045,955

LISTING RULES IMPLICATION

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the subscription in full for Rich Time's provisional entitlement under the Rights Issue and its application for 370,000,000 Rights Shares by way of excess application under the Rights Issue pursuant to the WOG Irrevocable Undertaking exceed 25% but are less than 100%, the transactions constitute a major transaction for the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the WOG Irrevocable Undertaking and the transactions contemplated thereunder. As at the Latest Practicable Date, WYT was interested in approximately 2.19% of all the issued Shares through its indirect wholly-owned subsidiary. In light of WYT's interests in the WOG Irrevocable Undertaking, members of the WYT Group will abstain from voting at the SGM.

Save as disclosed above and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has any interest in the Rights Issue or the WOG Irrevocable Undertaking which is materially different from the other Shareholders. Accordingly, apart from WYT or any of its members, no other Shareholder will be required to abstain from voting at the SGM.

RECOMMENDATION

The Directors are of the opinion that the terms of the WOG Irrevocable Undertaking are fair and reasonable and the WOG Irrevocable Undertaking is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution of the subscription of the Rights Shares pursuant to the WOG Irrevocable Undertaking and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
WANG ON GROUP LIMITED
（宏安集團有限公司）*
Tang Ching Ho
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

LETTER FROM THE BOARD

Financial information of the Group for (i) each of the three years ended 31 March 2014, 2015 and 2016 are disclosed in the annual reports of the Company for the years ended 31 March 2014 (pages 41 to 142), 2015 (pages 50 to 150) and 2016 (pages 49 to 153), respectively. The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2014, 2015 and 2016.

Quick links

Annual reports of the Company for the financial years ended 31 March 2014, 2015 and 2016 are respectively available at the following web links and they are also available on the website of the Company at (www.wangon.com):

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0706/LTN20160706937.pdf;

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721674.pdf; and

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0612/LTN20140612358.pdf.

2. STATEMENT OF INDEBTEDNESS

As at the close of business of 30 June 2016, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Enlarged Group had outstanding bank and other loans of approximately HK$3,293.9 million, of which bank loans with an aggregate amount of approximately HK$2,847.2 million were secured by the Enlarged Group's land and buildings, investment properties and certain rental income generated therefrom, properties under development and share charges in respect of the entire interests of five subsidiaries of the Enlarged Group, which are engaged in property development. The carrying values of the Enlarged Group's land and buildings, investment properties and properties under development as at 30 June 2016, which were pledged to secure the Enlarged Group's bank loans, amounted to approximately HK$446.3 million, HK$960.2 million and HK$2,973.3 million, respectively. In addition, the Enlarged Group's unsecured bank loans with an aggregate amount of approximately HK$47.7 million were guaranteed by corporate guarantees provided by group companies as at 30 June 2016. The Enlarged Group's secured bank loans bear contractual interest rate ranging from Prime Rate minus 2.50% to 2.75% or HIBOR plus 1.25% to 2.35%, whilst the Enlarged Group's unsecured bank loans bear contractual interest rate ranging from HIBOR plus 1.70% to 2.00%.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have, at the close of business on 30 June 2016, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

3. WORKING CAPITAL

Taking into account the financial resources available to the Enlarged Group, including internally generated funds and available banking facilities of the Enlarged Group, the Directors after due and careful enquiry are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group

The Group's revenue for the year ended 31 March 2016 amounted to approximately HK$916.9 million (2015: approximately HK$1,500.0 million), which represented a notable decrease of approximately HK$583.1 million compared with last year. This year, the Group had fewer completion of sale of property development projects.

Profit attributable to owners of the parent for the year under review was approximately HK$449.1 million (2015: approximately HK$588.2 million), which represented only a moderate decrease from last year. In summary, the Group continued to achieve favourable results this year. Apart from the recurring rental and Chinese wet market sub-licensing income, the Group's results were contributed mainly by the completion and delivery of the residential project, "The Met. Delight", as well as the remaining units of "The Met. Sublime". Besides, the Group also disposed of a number of investment properties during the year including the shopping mall, Riviera Plaza in Tsuen Wan. The business of provision of finance had generated satisfactory results for the Group.

Given a slowdown in economic growth in the Mainland China and uncertainties shrouding the Euro Economic Area, together with the slower-than-expected recovery of the United States, a persisting trend of global quantitative easing policies is expected. This has curbed expectations on an imminent interest rate hike, and is expected to work to the favour of the property market in Hong Kong.

The recent significant depreciation in currencies of neighboring countries has caused a drop in inbound Mainland China visitors. It is inevitable for the business of retailers targeting such visitors to take a hit. Consequently, rental rates of commercial properties in certain districts are expected to be temporarily affected.

As the government will accelerate the construction of public rental housing and home ownership scheme projects, more Chinese wet markets under the supervision of the Housing Department will be completed in future. The Group will leverage our experience in managing Chinese wet markets in order to fortify and reinforce the business. In response to competition from supermarkets and chain stores, we will work diligently towards enhancement of operation and management of our wet markets, with a view to presenting a 4th generation modern wet market model that will offer more comfortable and convenient shopping experience for customers.

On the other hand, in addition to the Group's interest in property related business through Wang On Properties Limited, the Company's listed subsidiary, it is expected that the money lending businesses will become a driving force for our profit growth. Local policies to cool down the property market have been consistently implemented, which has helped boost property transactions. To assist Hong Kong residents to achieve their home ownership goal, the Group will leverage its professional and comprehensive mortgage expertise to provide customised one-stop mortgage services.

In such a dynamic market environment, the Group endeavours to keep itself abreast and innovative in various aspects such as corporate strategies, business model and management structure. Adhering to our business development principles of sustainable development and courage to break new ground, the Group will continue to actively capture development opportunities in the market and enhance its operational and financial strengths, thereby achieving better returns for Shareholders.

The WYT Group

For the year ended 31 March 2016 (the "Year"), the WYT Group recorded a turnover of approximately HK$825.3 million (2015: approximately HK$831.1 million), representing a slight decrease of approximately 0.7% over last year. Besides, the WYT Group recorded a drop in profit attributable to owners of the parent for the Year, reaching approximately HK$25.4 million (2015: approximately HK$121.0 million). Such decrease in results was mainly attributable to, among other things, the decrease in fair value of equity investments at fair value through profit or loss (net), the fair value losses on investment properties (net), the increases in selling and distribution expenses and administrative expenses, despite the increase in share of profits and losses of associates and the increase in gross profit and other income.

China's economic slowdown is having ripple effects on various industries, in particular, the retail sector. The WYT Group expects the market environment in the near term to remain very challenging. The uncertain macro-economic conditions around the world and the economic slowdown in both Hong Kong and the PRC continue to hamper consumer confidence and the retail sector. Moreover, in April 2015, the PRC and Hong Kong governments announced the change of Shenzhen permanent residents' multiple-entry permits to one-visit-one-week permits upon renewal, which has been further exacerbating the currently declining flow of mainland tourist arrivals in Hong Kong. The relatively stronger Hong Kong dollar and depreciating yuan have also weakened the consumption sentiment of mainland visitors in Hong Kong.

In the face of the current difficult operating environment, the WYT Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities to further uplift the image and competitiveness of its brands and its products. In addition, the WYT Group will explore other sale channels, such as chain stores, key accounts, open trade, overseas, so as to widen and enrich the channel mix of its sales. Recognising the importance of the cyber world nowadays, the WYT Group will also consider to invest more in online shopping platforms and digital marketing.

Besides, the WYT Group will explore merger and acquisition opportunities as a means to expedite its growth as well as diversify its investment portfolio for strengthening and broadening its income base. The WYT Group will also keep an eye on suitable retail premises for long term capital appreciation and seek to contain the impact of rental costs on its retail business. The WYT Group will strive to enhance its efficiency and to exercise stringent cost control without compromising the quality of its products.

The inauguration of the modern manufacturing plant at Yuen Long Industrial Estate in early 2017 is expected to greatly enhance the production and research capacity of the WYT Group. The WYT Group will hence have greater flexibility to meet different market demands and be able to manufacture more diverse pharmaceutical and healthy food products to cater for various market segments.

Looking forward, the WYT Group sees opportunities as well as challenges in the market. With its quality products and established foundation, the WYT Group is well-positioned to tackle the upcoming challenges and seize the opportunities ahead. The WYT Group is confident and optimistic about its future outlook.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date on which the latest published audited consolidated financial statements of the Group were made up.

1. FINANCIAL INFORMATION OF THE WYT GROUP

Financial information of the WYT Group for (i) each of the three years ended 31 March 2014, 2015 and 2016 are disclosed in annual reports of WYT for the years ended 31 March 2014 (pages 47 to 134), 2015 (pages 57 to 154) and 2016 (pages 67 to 177), respectively.

The annual reports of WYT for the three years ended 31 March 2016 have been published on both of the websites of the Stock Exchange (www.hkexnews.hk) and WYT (www.wyth.net).

Quick links

Annual reports of WYT for the financial years ended 31 March 2014, 2015 and 2016 are available at the following internet links:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0612/LTN20140612417.pdf;

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721552.pdf; and

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0706/LTN20160706591.pdf.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF WYT GROUP

A. For the year ended 31 March 2014 *(as extracted from the annual report of WYT for the year ended 31 March 2014 and as such, references to "the Company", "the Group" and "the Directors" in the below paragraphs shall be read as references to "WYT", "WYT Group" and "WYT Directors" respectively)*

RESULTS

For the year ended 31 March 2014, the Group recorded a turnover of approximately HK$865.3 million (2013: approximately HK$785.6 million) and profit attributable to owners of the parent of approximately HK$163.4 million (2013: approximately HK$148.4 million).

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.3 cents (2013: HK0.3 cents) per ordinary share for the year ended 31 March 2014 to shareholders on the register of members of the Company as of Thursday, 24 July 2014. The final dividend will be paid on or around Thursday, 31 July 2014, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 16 July 2014. No interim dividend was made for the six months ended 30 September 2013 (30 September 2012: Nil).

BUSINESS REVIEW

For the year ended 31 March 2014, the Group continued to achieve a satisfactory business growth and recorded a turnover of approximately HK$865.3 million (2013: approximately HK$785.6 million), representing a growth of approximately 10.1% over last year. Besides, the Group recorded an increase in profit attributable to owners of the parent for the year ended 31 March 2014, resulted to approximately HK$163.4 million (2013: approximately HK$148.4 million). Such improvement in result was mainly attributable to, among other things, the increase in gross profit resulting from the increase in the Group's turnover and the gain from change in fair value of investments held-for-trading, although the same has been partly set-off by the decrease in fair value gains on investment properties.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year increased by approximately 9.6% from approximately HK$640.2 million for last year to approximately HK$701.6 million. Due to the recent relatively slower overall economy, which placed heavy pressure on the general retail business environment, there was a slowdown in the growth rate of our retail business. Indeed we still recorded a better same store sale growth at a low single digit. On the other hand, sales performance in other channels, such as chain stores, key accounts and open trade, kept on recording remarkable growth rate against last year. This achievement was the result of increasing focus and resources to boost these alternative sale channels which we had previously identified to have good potential. Besides, the growth of our retail business and the increasing number and presence of our retail shops have contributed promotional effect and positive image of our brand, which have also stimulated the sales momentum in these other channels.

The increasing public awareness and concern on personal health and the increasing trend of people consuming health supplements also contributed part of the growth. Throughout the year, we have continued expanding our product range to attract and broaden our customer base. Series of marketing campaigns have been launched to promote brand awareness and product image. Meanwhile, we have kept on maintaining strict production and process control so as to reinforce customers' confidence in our quality products. We believe that all these actions gone through have attracted not just local Hong Kong citizens but also the increased number of Mainland Chinese tourists visiting Hong Kong to buy our products.

In addition, the establishment of integrated Chinese medical centres to provide Chinese medicine consultation services has proven successful and the Group has explored ways to further expand our Chinese medicine consultation services. We believe that this strategic move will help to further strengthen our position in the Chinese pharmaceutical and health food products industry.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year increased by approximately 11.8% from approximately HK$136.0 million for last year to approximately HK$152.0 million. The upsurge in sales was mainly contributed by the cough syrup products under our primary brand "Madame Pearl's". After about half year's prohibition in sales as imposed by the Mainland China government authority, the sales of cough syrup products containing codeine in Mainland China market resumed in May 2013. Customers' demand has been accumulated during the ban period and thus brought forward the sales to the current year.

Meanwhile, the sales performance of the personal care products under our secondary brand "Pearl's" continued to be positive and has shown a stable sales momentum. By means of continuous product development, added promotion effort, increased product penetration and appearance in different sale channels, "Pearl's" has gained customer confidence, becoming more well-known to the public and more well-received by the market. In future, we shall diversify its products portfolio and introduce more new personal care products which target the children and the adult sectors to the market.

Another new product line, sugar-free mint candy, also brought in constant revenue to the Group since its launch in the market, attracting and broadening our customer base, especially among the younger generation. Again, we shall expand this product line and bring in fresher and more energetic products in order to attract more customers from the new generation.

(3) Bottled Birds' Nest Drinks and Herbal Essence Products

Turnover for the year decreased by approximately 26.6% from approximately HK$22.9 million for last year to approximately HK$16.8 million. Mainland China remains putting an embargo on the import of both dry birds' nest and bottled birds' nest caused the continuous sales dip in this segment. Besides, we also experienced sales drop in the Singapore local market due to cautious consumer spending.

The overall drop in popularity of people consuming birds' nest and related products has posed a difficult business environment. Besides, the unpredictability of when Mainland China will lift the ban on the import of birds' nest also caused a great uncertainty. Together with the high labour cost and the ever increasing operating costs in Singapore, management was pessimistic about the future profitability of this business segment. Hence, at the end of January 2014, management decided to close down the factory in Singapore, ceased operations and discontinued this business segment.

(4) Property Investment

On 2 April 2013, the Group completed the acquisition of an investment property located in Jordan, Kowloon, Hong Kong, at a cash consideration of HK$81.0 million. The property is currently leased out to an independent third party for commercial purpose.

Together with the above mentioned, the Group has 11 properties on hand in which all of them are retail shops. Currently, five properties are leased out for commercial purpose while six properties are used by our retail shops. Management believes in the long-term prospects of commercial properties in Hong Kong and considers that our investment property portfolio adds stability and strength to the Group's income base.

Subsequent to the year end, on 8 May 2014, the Group entered into a provisional sale and purchase agreement with an independent third party individual for the acquisition of a property located in To Kwa Wan Road, Kowloon, Hong Kong, at a cash consideration of HK$40.3 million. The acquisition will be completed on or before 6 August 2014. Details of the property acquisition were set out in the Company's announcement dated 9 May 2014.

*(5) Investment in PNG Resources Holdings Limited ("***PNG***")*

PNG is a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork meat and related produce in Hong Kong.

On 19 September 2013, PNG announced the disposal of a subsidiary. This subsidiary company in turn holds the entire issued share capital of another company which is principally engaged in the forestry and timber logging project in Papua New Guinea. For details of the disposal, please refer to PNG's announcement dated 19 September 2013 and PNG's circular dated 7 November 2013.

On 20 November 2013, the Group, PNG and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the Group has agreed to place, through the placing agent, 1,538 million PNG top-up placing shares to not less than six independent investors at a top-up placing price of HK$0.1 per PNG top-up placing share; and (ii) the Group has agreed to subscribe for 1,538 million PNG top-up subscription shares at a top-up subscription price of HK$0.1 per PNG top-up subscription share. The top-up placing was completed on 25 November 2013 and the top-up subscription was completed on 27 November 2013. Accordingly, the Group's shareholding interest in PNG has been diluted from 34.63% to 28.86%. Details of the transactions were set out in the Company and PNG's joint announcements dated 20 November 2013 and 27 November 2013.

The Group's share of the profit of PNG amounted to approximately HK$22.8 million for the year (2013: approximately HK$9.7 million). The improvement in result was mainly due to the net effect of the increase in profit realised from PNG's sale of property in the PRC and the increase in fair value of the financial assets at fair value through profit or loss over the loss resulting from the decrease in fair value of the plantation assets in Papua New Guinea during the year.

No impairment loss on the Group's investment in PNG was recognised by the Group during the year (2013: Nil) as the recoverable amount was assessed to be close to the carrying value of the interest in PNG.

(6) Investments held-for-trading

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded net gain on change in fair value of investments held-for-trading of approximately HK$46.4 million for the year (2013: approximately HK$1.2 million).

(7) Loan facilities granted to PNG

In August 2013, PNG repaid one of the outstanding loans with the principal amount of HK$15.0 million, together with accrued interest, to the Group upon its maturity.

On 22 August 2013, the Group and PNG entered into two sets of the supplemental loan agreements to each of the previous loan agreements regarding loan principal of HK$10.0 million and HK$190.0 million, respectively, pursuant to which the Group conditionally agreed to extend the respective repayment dates under each of the previous loan agreements for three years upon each of the respective maturity dates in consideration for the increase in interest rate from 8.0% to 10.0% per annum and the interest accrued will be payable on an annual basis. Details of the supplemental loan agreements were set out in the Company's announcement dated 22 August 2013 and the Company's circular dated 9 September 2013.

In view of the development prospects of PNG, the Group considers that it is in the interest of the shareholders to continue to support the development of PNG by way of loan financing with an aim to generate return to the shareholders in long run as a substantial shareholder of PNG. The Group also considers that the continuous provision of the loan facilities to PNG provides the Group a higher and stable interest income in the short to medium term.

*(8) Loan facilities granted to China Agri-Products Exchange Limited ("**CAP**")*

On 28 May 2013, the Group entered into a loan agreement with CAP, pursuant to which the Group agreed to grant to CAP a revolving loan facility in an aggregate amount of not exceeding HK$150.0 million at an interest rate of 12.0% per annum for a term of three years. Loan principals of HK$100.0 million and HK$50.0 million were fully drawn down by CAP in May and June 2013, respectively.

Together with the aggregate outstanding loan of HK$175.0 million under previous loan facility agreements, CAP was indebted to the Group in an aggregate loan amount of HK$325.0 million as at 31 March 2014.

The Group considers that the loans granted to CAP provides a higher and stable return of interest income to the Group in the short to medium term.

(9) Underwriting Rights Shares of CAP

As disclosed in the Company's announcement and circular dated 19 December 2013 and 23 January 2014, respectively, the Group participated in underwriting 228 million rights shares at HK$0.465 per CAP's rights share under the rights issue proposed by CAP in the proportion of 15 adjusted CAP rights shares for every one adjusted CAP share held on the record date at HK$0.465 per rights share of CAP (the "**CAP Rights Issue**"), in consideration of receiving commission of 2.5% of the aggregate subscription price of the underwritten rights shares, pursuant to the underwriting agreement executed on 4 December 2013.

As a result of the over-subscription of the CAP Rights Issue, completion of which took place on 25 March 2014, the Group was not required to take up any underwritten shares. Thus, at the end of the reporting period, the Group did not hold any equity interest in CAP.

(10) New factory construction project in Yuen Long Industrial Estate

Following the grant lease of a piece of land located at Yuen Long Industrial Estate by Hong Kong Science and Technology Parks Corporation to the Group as mentioned in last year annual report, the preliminary works for the construction of a five-storey factory building to house the Group's pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing already commenced indeed. Foundation work is now underway and will last until mid-2014. Thereafter, superstructure works, fitting out works, equipment ordering, etc. will follow. We expected that the whole factory construction will be completed in 2016, while operation is targeted to begin in early 2017.

FINANCIAL REVIEW

Liquidity and Gearing

As at 31 March 2014, the Group's total borrowings amounted to approximately HK$391.2 million (2013: approximately HK$262.8 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 21.3% (2013: approximately 15.7%).

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 Renminbi, Hong Kong dollars, Singapore dollars and Macau Pataca, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

Pledge of Assets

As at 31 March 2014, the Group's total borrowings amounted to approximately HK$391.2 million (2013: approximately HK$262.8 million). As at 31 March 2014, the Group's investment properties with carrying value of approximately HK$467.0 million (2013: approximately HK$356.0 million) were pledged to secure the Group's general banking facilities.

Capital Commitment

As at 31 March 2014, the Group had capital commitment of approximately HK$26.0 million (2013: approximately HK$13.6 million) and nil (2013: approximately HK$37.0 million) in respect of the acquisition of property, plant and equipment and investment property, respectively, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 31 March 2014, the Group had no material contingent liabilities (2013: Nil).

EMPLOYEES

As at 31 March 2014, the Group had 742 (2013: 741) employees, of whom approximately 71% (2013: approximately 66%) were located in Hong Kong. The Group remunerates its employees based on their performance and the prevailing market rates. The Group also operates a share option scheme under which the Board may grant share options to the employees of the Group. The Group's total staff costs for the year were approximately HK$146.0 million (2013: approximately HK$127.6 million).

PROSPECTS

The recent global financial instability and economic slow down has generally affected the business environment in Hong Kong and the PRC, with the retail business being the most vulnerable. In order to minimise the general adverse effect on our business of the worsening global environment as well as the ever changing local government policy, control and measure, the Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities so as to further uplift the image and competitiveness of its brands and its products. Realising that people are attaching greater importance to personal health and well-being, the Group will produce more educational information relating to these topics and will publish in various media which can show to the public our dedication within the industry. Having seen evidence of a strong growth potential in other sale channels, such as chain stores, key accounts, open trade, etc., the Group will further increase its focus and concentration by adding more resources, including manpower, incentives, advertising and promotion budget to develop these alternative sale channels, with the aim of balancing the risks and reliance on retail business and shifting towards a more healthy sale channel mix. Besides, the Group will also make use of the cyber world, such as online shopping, cooperate with other agencies focusing on group purchase business, set up a fans page on Facebook and launch iPhone apps, which have already been recognised as an effective and efficient way to promote our brands and products and bring in potential new customers from the younger generation. On the other hand, the Group will also evaluate merger and acquisition opportunities as a means to speed up growth if it can bring synergy to our existing business, as well as diversification of our investment portfolio for strengthening and broadening our income base.

Continuously rising labour, raw materials and rental costs all add burden to the Group as they form a significant portion of the Group's operating costs. By adopting various cost control measures, such as exploring new suppliers to ensure raw materials purchased are of high quality and at competitive prices, reviewing various operating cycles and processes so as to improve our production efficiency and restructuring some of our retail shops, whether location or shop size, to achieve greater sales revenue deriving from lower overall rental costs, the Group's management seeks to maintain its profitability. The Group will also consider acquiring suitable retail premises, both for long term capital appreciation purpose and to minimise the effect of the rising trend in rental costs.

Going forward, to expand the Group's pharmaceutical manufacturing business as well as to fulfill the stringent change of quality system in the pharmaceutical industry is the next milestone of the Group. Taking the opportunity that the Group has been granted the lease of a piece of land located at Yuen Long Industrial Estate, the Group is keen to construct a new and modernised five-storey factory building to house its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing. The Group will also introduce the latest technologies and incorporate a research and development centre into this new factory. To prepare for the commencement of production of this new factory in 2017 and to ensure its capacity could be utilised efficiently, the Group has enhanced the effort on new products development and registration, especially focus on those Chinese and western medicinal products, which we believe that their uniqueness and curative effect are the key attraction to consumers and considering to be the future continuous income source to the Group. As such, the Group is confident that our leading position as a local Hong Kong brand in the pharmaceutical industry will be further strengthened.

B. For the year ended 31 March 2015 *(as extracted from the annual report of WYT for the year ended 31 March 2015 and as such, references to "the Company", "the Group" and "the Directors" in the below paragraphs shall be read as references to "WYT", "WYT Group" and "WYT Directors" respectively)*

RESULTS

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK$831.1 million (2014: approximately HK$865.3 million) and profit attributable to owners of the parent of approximately HK$121.0 million (2014: approximately HK$163.4 million).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: HK0.3 cents per ordinary share). No interim dividend was made for the six months ended 30 September 2014 (30 September 2013: Nil).

BUSINESS REVIEW

For the year ended 31 March 2015, the Group's results were beyond expectation and recorded a turnover of approximately HK$831.1 million (2014: approximately HK$865.3 million), representing a decrease of approximately 4.0% over last year. Besides, the Group recorded a decrease in profit attributable to owners of the parent for the year ended 31 March 2015, reaching approximately HK$121.0 million (2014: approximately HK$163.4 million). Such decrease in results was mainly attributable to, among other things, the decrease in gross profit resulting from the decrease in the Group's turnover and the loss on deemed partial disposal of equity interests in an associate, despite the gain from change in fair value of equity investments at fair value through profit or loss.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 3.4% from HK$701.6 million for last year to approximately HK$677.4 million. It had been a challenging period, especially during the second half of 2014, when a series of political and social campaigns took place, such as the occupy central movement, anti-mainlander activities, and protest against cross-border traders of parallel goods, all of which had significantly slowed down local economic growth, particularly in the retail business segment. Against this backdrop, our retail stores still recorded growth of 4.0%, driven by product lines such as premium herbs and dried seafood. Continuous product range expansion and promotions proved to have certain impact on customers' preference. Wai Yuen Tong becomes one of the leading retailers selling these products.

However, sales performance in other channels such as key accounts, open trade, and overseas all declined when compared with those of the previous year. The adjustment in the results of other channels had neutralised the contribution from local retail growth.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 7.0% from HK$152.0 million for last year to approximately HK$141.3 million. Sales were adversely affected by restriction on sales of "Madame Pearl's" cough syrup containing codeine in Mainland China. Meanwhile, the sales performance of personal care products under the "Pearl's" brand remained strong, in particular its anti-mosquito products, which had been the best-selling brand of this category in Hong Kong for three consecutive years. Both "Madame Pearl's" and "Pearl's" products had gathered strong growth momentum through innovative product development, effective advertising and promotional efforts, as well as increased product penetration in different sales channels.

(3) Property Investment

After book closed on 8 May 2014, the Group entered into a provisional sale and purchase agreement with an independent third party individual for the acquisition of a property located in To Kwa Wan Road, Kowloon, Hong Kong for a cash consideration of HK$40.3 million. The acquisition was completed on 6 August 2014. The property is currently divided into two units, one of which is used as the Group's retail shop while the other unit is leased out to an independent third party for commercial purpose.

Together with the above mentioned, the Group has 13 properties, all of which are for retail purpose. Currently, six properties are leased to third parties, while seven properties are used by the Group's retail shops. Our management is positive about the long-term prospects of commercial properties in Hong Kong and considers that the investment property portfolio can serve to stabilise and strengthen the Group's income base.

Subsequent to the end of the reporting period, on 24 April 2015, the Group entered into a provisional agreement for sales and assignment of the entire issued share capital and the related shareholder loan of Smart Star Investments Limited, an indirect wholly-owned subsidiary of the Company which held a property in North Point, Hong Kong for a consideration of HK$45.0 million. The disposal will be completed on or before 23 July 2015, details of which was set out in the Company's announcement dated 27 April 2015.

*(4) Investment in PNG Resources Holdings Limited ("**PNG**")*

PNG is a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork meat and related produce in Hong Kong.

On 12 September 2014, a vendor, PNG and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the vendor has agreed to place, through the placing agent, a maximum of 150 million PNG top-up placing shares to not less than six independent investors at a top-up placing price of HK$0.325 per PNG top-up placing share; and (ii) the vendor has agreed to subscribe for a maximum of 150 million PNG top-up subscription shares at a top-up subscription price of HK$0.325 per PNG top-up subscription share. Also on 12 September 2014, PNG entered into a new issue placing agreement with a placing agent. Pursuant to the new issue placing agreement, PNG has agreed to allot and issue, and the placing agent has agreed to place 34 million new issue placing shares to not less than six independent investors at a new issue placing price of HK$0.325 per new issue placing share. The top-up placing, the top-up subscription and the new issue placing were completed on 22 September 2014, 26 September 2014 and 29 September 2014, respectively. Accordingly, the Group's shareholding interest in PNG has been diluted from 28.86% to 24.07% and incurred a deemed disposal loss of approximately HK$32.9 million. Details of the transactions were set out in PNG's announcements dated 12 September 2014 and 29 September 2014.

On 23 December 2014, the Group's equity interest in PNG was increased from 24.07% to 24.37% upon completion of a distribution in specie of PNG shares by Wang On Group Limited ("**Wang On**") in which the Company currently holds 2.16% equity interest. Subsequent to the reporting period and:

(a) on 30 April 2015, the shareholding interest of the Group in PNG was further diluted from 24.37% to 20.33% immediately upon completion of the new issue placing of 220 million shares in PNG at a price of HK$0.225 per PNG share, details of which were set out in the announcements of PNG dated 14 April 2015 and 30 April 2015, respectively. As this regard, a deemed disposal loss of approximately HK$2.6 million may be recorded; and

(b) on 28 May 2015, the Group through its wholly-owned subsidiaries, Hearty Limited and Suntech Investments Limited, executed an irrevocable undertaking in favour of PNG pursuant to which the Group agreed to subscribe for an aggregate of 674,418,750 rights shares which comprises the full acceptance of the provisional entitlement and apply for 380,000,000 rights shares by way of excess application, under the rights issue proposed by PNG in the proportion of five rights shares for every two PNG shares held on the record date at HK$0.168 per rights share of PNG, details of which were set out in the joint announcement dated 4 June 2015 issued by the Company and PNG.

The Group's share of profit of PNG amounted to approximately HK$41.0 million including gain on bargain purchase of HK$4.0 million for the year ended 31 March 2015 (2014: approximately HK$22.8 million). The improvement in results of PNG was mainly due to the increase in profit realised from PNG's sales of property in the PRC and the increase in fair value of the financial assets, despite the negative impact of loss on deemed disposal of an associate of PNG during the year under review.

No impairment loss on the Group's investment in PNG was recognised by the Group during the period under review (2014: Nil), as the recoverable amount was assessed to be close to the carrying value of the Group's interest in PNG.

(5) *Equity investments at fair value through profit or loss*

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded net gain on change in fair value of equity investments at fair value through profit or loss of approximately HK$79.8 million for the year under review (2014: approximately HK$46.4 million).

(6) *Loan facilities granted to PNG*

In October 2014, PNG fully repaid all of its outstanding loan principals indebted to the Group in an aggregate sum of HK$200.0 million, together with accrued interest prior to their respective maturity dates.

(7) *Loan facilities granted to China Agri-Products Exchange Limited ("**CAP**")*

On 30 September 2014, the Group entered into supplemental agreements with CAP, pursuant to which the Group agreed to extend the respective repayment dates of the outstanding maturing loans owed by CAP to the Group in an aggregate principal amount of HK$75.0 million from 30 September 2014 to 30 November 2014 in consideration of the use of the net proceeds from the proposed bonds issued by CAP to repay the principals of the outstanding maturing loans. On 28 November 2014, CAP fully repaid all of the outstanding loans in an aggregate sum of HK$325.0 million due to the Group, inclusive of the above mentioned extended loans. The payment of the related outstanding interest of approximately HK$19.0 million was extended to be repaid on or before 31 May 2015 pursuant to a facility letter dated 28 November 2014 entered into between CAP and Winning Rich Investments Limited, an indirect wholly-owned subsidiary of the Group, and such outstanding interest has been fully paid by CAP by the end of May 2015.

(8) *Investments in CAP*

(a) Subscription of CAP's Bonds

The Group had subscribed up to a principal amount of HK$720.0 million 10.0% coupon bonds due 2019 issued by CAP on 28 November 2014, in consideration of receiving a subscription fee of 2.5% of the aggregate principal amount of the CAP's bonds subscribed and repayment of the outstanding loans principal then indebted to the Group by CAP, pursuant to the subscription agreement (as supplemented on 28 November 2014) entered into on 4 October 2014 among CAP, Winning Rich Investments

Limited, Peony Finance Limited, Double Leads Investments Limited and CCB International Capital Limited, details of which were set out in the Company's announcements dated 4 October 2014 and 28 November 2014 and the circular of the Company dated 24 October 2014, respectively.

(b) Underwriting Rights Shares of CAP

As disclosed in the Company's announcement and circular dated 8 January 2015 and 13 March 2015, respectively, the Group participated in underwriting 660 million rights shares at HK$0.3 per CAP's rights share under the rights issue proposed by CAP in the proportion of eight adjusted rights shares for every one adjusted CAP share held on the record date (the "**CAP Rights Issue**"), in consideration of receiving commission of 2.5% of the aggregate subscription price for the underwritten rights shares, pursuant to the underwriting agreement entered into on 23 December 2014 among CAP, Jade Range Limited, the Company and Kingston Securities Limited. As a result of the over-subscription of the CAP Rights Issue, completion of which took place on 14 May 2015, the Group was not required to take up any underwritten shares, details of which were disclosed in the announcement of CAP dated 13 May 2015. Thus, as at the date of this annual report, the Group did not hold any equity interest in CAP.

(9) New factory construction project in Yuen Long Industrial Estate

The Group has been granted the lease of a piece of land located in Yuen Long Industrial Estate to construct a modern five-storey factory to manufacture both Western pharmaceutical and Chinese traditional medicine. Foundation work of the factory building has been completed in mid-2014 and it has been topped out at the end of 2014. The infrastructure, fitting-out, machinery and equipment ordering works are in progress and are expected to be completed by the end of 2015 or in early 2016, and it is expected that the whole factory construction will be completed in 2016, while operation is scheduled to commence in early 2017. To ensure its capacity could be utilised efficiently, the Group has expedited its effort in new product development and registration.

FINANCIAL REVIEW

Fund Raising

(a) On 20 August 2014, Rich Time Strategy Limited, an indirect wholly-owned subsidiary of Wang On (the "**Vendor**"), a placing agent, and the Company entered into a top-up placing and subscription agreement pursuant to which (i) the Vendor has agreed to place, through the placing agent, 586 million top-up placing shares to not less than six independent investors at a top-up placing price of HK$0.186 per top-up placing share; and (ii) the Vendor has agreed to subscribe for 586 million top-up subscription shares at a top-up subscription price of HK$0.186 per top-up subscription share.

The top-up placing and the top-up subscription were completed on 25 August 2014 and 28 August 2014, respectively. The net proceeds of approximately HK$105.7 million were raised and fully utilised as to approximately HK$90.0 million for the construction of the new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing and the remaining balance of approximately HK$15.7 million as general working capital for the settlement to suppliers of the Group.

(b) On 20 November 2014, the Company and a placing agent entered into a placing agreement pursuant to which the Company, through the placing agent, placed an aggregate of 700 million shares to not less than six independent investors at a price of HK$0.133 per share. The new issue placing was completed on 4 December 2014. The net proceeds of approximately HK$90.5 million were raised and fully utilised as to approximately HK$40.0 million for expansion of its production facilities, including down payments for plant and machineries, fixtures and fittings, security systems and construction cost, approximately HK$20.0 million for the repayment of bank borrowings and approximately HK$30.5 million for general working capital for the settlement to suppliers of the Group.

(c) The Company offered 2,108,571,484 shares (the "**Rights Shares**") of HK$0.01 each in the share capital of the Company for subscription by the qualifying shareholders of the Company by way of the rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date at the subscription price of HK$0.108 per rights share subject to fulfilment of the conditions precedent set out in the underwriting agreement dated 25 March 2015 entered into between Kingston Securities Limited and the Company (the "**Rights Issue**"). Net proceeds of approximately HK$220.6 million were raised and are intended to be utilised as to approximately HK$70.0 million for the payment of construction costs of the Group's new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing business, approximately HK$60.0 million for potential property acquisition opportunities, approximately HK$50.0 million for the repayment of bank borrowings and interests of the Group and the remaining balance of approximately HK$40.6 million for general working capital of the Group. As at the date of this annual report, approximately HK$30.2 million were utilised for the payment of construction costs for the Group's new factory, approximately HK$10.4 million were utilised for repayment of bank borrowings and interests and approximately HK$0.8 million were utilised as the Group's general working capital for the settlement to suppliers, and the remaining net proceeds will be utilised as intended.

Liquidity and Gearing

As at 31 March 2015, the Group's total borrowings amounted to approximately HK$550.1 million (2014: approximately HK$391.2 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 27.0% (2014: approximately 21.3%).

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 Macau Pataca, Renminbi and Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

Pledge of Asset

As at 31 March 2015, the Group's total borrowings amounted to approximately HK$550.1 million (2014: approximately HK$391.2 million). As at 31 March 2015, the Group's investment properties and property, plant and equipment with carrying value of approximately HK$510.0 million and HK$178.4 million, respectively (2014: approximately HK$467.0 million and HK$155.7 million, respectively) were pledged to secure the Group's general banking facilities.

Capital Commitment

As at 31 March 2015, the Group had capital commitment of approximately HK$249.5 million (2014: approximately HK$26.0 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: Nil).

EMPLOYEES

As at 31 March 2015, the Group had 757 (2014: 742) employees, of whom approximately 71% (2014: approximately 71%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees 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 performance as well as the individual performance. Other benefits such as medical and retirement benefits and structured training programs are also provided.

PROSPECTS

The recent radical social movement against mainlanders along with weakened currencies of economies in the region have led to the declining number of visitors from the PRC. A softened retail sector was evidenced by a 2.3% decrease year-on-year in value index of retail sales in the first quarter of 2015. The limit being set on multi-entry visa of mainlanders since April this year is expected to further affect the already slowing retail segment, which could remain in the doldrums for a while. Local residents' spending, which contributes 70% of our retail business, may partly offset the impact on our local retail sales in the current year. On the other hand, shrunken revenue from the PRC is likely to dampen our overall performance for the current financial year.

In order to strengthen our sales network, the Group has expanded Wai Yuen Tong's sales platform in Macau in the year under review. Two potential sites have been confirmed, and the Group plans to establish three stores in the territory during the current financial year. Wai Yuen Tong will roll out the marketing campaign of its cult product – Young Yum Pills in the second quarter, while the "Baby Club" will be launched to support the marketing of the Group's infant products in the current financial year.

At the end of April, the Group opened the first Wai Yuen Tong concept store at Percival Street, Causeway Bay to further elevate its retail service. The new concept store provides a wider selection of premium herbs, Chinese medicine consultation, and upgraded VIP services in an environment boasting modern design integrated with trendy elements. The new concept store serves to enhance the brand image of Wai Yuen Tong and has been well received by customers.

The main focus of Madame Pearl's in the coming year will be on new product launches, with an aim to accelerate and differentiate its cough syrup product line.

To prepare for the commencement of production of the Group's new factory in Yuen Long Industrial Estate in 2017 and to ensure optimum utilisation of its capacity, the Group has stepped up its effort in new product development and registration, with an emphasis on Chinese and Western pharmaceutical products.

We intend to broaden our sales of Western pharmaceutical and healthcare products via intensified investment in major growth areas, including various regional markets in China and launch of new products under the Pearl's label. We have restructured our operations in China to direct the sales of Madame Pearl's children cough syrup to hospitals as prescribed medicine. Such change is expected to boost sales of the product which has been suffering from restriction on its retail distribution in China.

Looking forward, the Group will continue to stress on expanding its product range, broaden its customer base, reinforce quality control and enhance marketing and promotion activities, so as to further uplift the image and competitiveness of its brands and products. To continue to leverage social media for effective promotion of brand awareness, the Group continues to use facebook, mobile apps and other online platforms for promotion.

In addition, we are identifying opportunities for business development including merger and acquisition. The Group will consider acquiring suitable retail premises for long term capital appreciation and to minimise the impact of rising rental costs.

With expanding geographical scope, continuous launch of premium products and strategic marketing efforts, we are well-poised to ride out the challenges in the local retail market, capitalising on our prestigious brand name and a seasoned management.

C. **For the year ended 31 March 2016** *(as extracted from the annual report of WYT for the year ended 31 March 2016 and as such, references to "the Company", "the Group" and "the Directors" in the below paragraphs shall be read as references to "WYT", "WYT Group" and "WYT Directors" respectively)*

RESULTS

For the year ended 31 March 2016, the Group recorded a turnover of approximately HK$825.3 million (2015: approximately HK$831.1 million) and profit attributable to owners of the parent of approximately HK$25.4 million (2015: approximately HK$121.0 million).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil). No interim dividend was made for the six months ended 30 September 2015 (30 September 2014: Nil).

BUSINESS REVIEW

For the year ended 31 March 2016, the Group recorded a turnover of approximately HK$825.3 million (2015: approximately HK$831.1 million), representing a slight decrease of approximately 0.7% over last year. Besides, the Group recorded a drop in profit attributable to owners of the parent for the year ended 31 March 2016, reaching approximately HK$25.4 million (2015: approximately HK$121.0 million). Such decrease in results was mainly attributable to, among other things, the decrease in fair value of equity investments at fair value through profit or loss (net), the fair value losses on investment properties (net), the increases in selling and distribution expenses and administrative expenses, despite the increase in share of profits and losses of associates and the increase in gross profit and other income.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 4.1% from HK$677.4 million for last year to approximately HK$649.3 million. The operating environment for the year remained acute and continued to dampen consumer confidence, thus causing a decline in the sales performance of our retail business and other channels including key accounts, open trade and overseas. Despite the slight drop in the sales revenue, we managed to achieve an improvement in gross profit margin as a result of better sales mix. In the face of the current challenging business environment, we remain committed to our stringent and comprehensive quality control procedures throughout all our production processes. To respond to the market trend and needs in a timely manner, we continue to strengthen our research efforts for product innovation and expansion of our product range for consumers. Our Wai Yuen Tong brand's unique combination of quality, price and convenience also helps to solidify our leading position in the market. In addition, modern consumers' increasing concern on their personal health and the growing trend of people consuming health supplements for their well-being will further add impetus to our growth in the long run.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year under review increased by approximately 15.6% from approximately HK$141.3 million of the previous year to HK$163.4 million. While sales in both Mainland China and Hong Kong have achieved encouraging growth, the overall gross profit margin has also improved as a result of better sales mix. Cough syrup products under our "Madame Pearl's" brand posted a rise in turnover. The sales performance of personal care products continued to be positive and has shown a stable sales momentum. "Pearl's" anti-mosquito products, which have been a leading brand of the category in Hong Kong for five consecutive years, have also exhibited healthy growth during the year.

The continuous product development, effective advertising and added promotion efforts as well as intensified product penetration all contributed to the positive sales performance for the year. Down the road, we will strive to expand our market share in both Mainland China and Hong Kong by broadening our revenue base through new product development and exploration of various sales channels such as institutional sales to hospitals.

(3) Property Investment

On 24 April 2015, the Group entered into a provisional sale and purchase agreement for the sale and assignment of the entire issued share capital and the related shareholder loan of Smart Star Investments Limited ("**Smart Star**"), an indirect wholly-owned subsidiary of the Company, for a consideration of HK$45.0 million. The principal asset of Smart Star was a property in North Point, Hong Kong. The disposal was completed on 23 July 2015 and a disposal gain of approximately HK$2.5 million was recorded in this regard. Details of the transaction were set out in the company's announcement dated 27 April 2015.

On 13 November 2015, the Group entered into a sale and purchase agreement for the acquisition of the entire issued share capital and the relevant shareholder loans of two companies from an indirect wholly-owned subsidiary of Wang On Group Limited ("**Wang On**"), a substantial shareholder of the Company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), for a consideration of HK$70 million. The acquisition was completed on 23 December 2015. The principal assets of the aforesaid companies are properties located in Tsuen Wan and Sham Shui Po respectively which are currently leased to an associate and a subsidiary of the Company for operating "Wai Yuen Tong" stores. Details of the transaction were set out in the Company's announcement dated 13 November 2015 and circular dated 4 December 2015.

On 25 November 2015, the Group entered into a provisional sale and purchase agreement for the sale of a property located in Sheung Shui ("**Sheung Shui Property**") for a consideration of HK$88.0 million. The disposal was completed on 31 May 2016, details of which were set out in the Company's announcement dated 26 November 2015.

As at the end of the reporting period, the Group owned thirteen properties which are all retail premises. Some of the Group's properties were leased out for commercial purpose whereas some were used by its retail shops. As at the date of this annual report, the Group owns twelve properties as a result of completion of disposal of Sheung Shui Property on 31 May 2016 as mentioned above. We believe in the long-term prospect of commercial properties in Hong Kong and considers that our investment property portfolio adds stability and strength to the Group's income base.

(4) Investment in Easy One Financial Group Limited (formerly known as PNG Resources Holdings Limited)

Easy One Financial Group Limited ("**Easy One**"), a company listed on the Main Board of the Stock Exchange, which is principally engaged in the businesses of property development in the PRC and provision of finance.

On 30 April 2015, the shareholding of the Group in Easy One was diluted from 24.37% to 20.33% upon completion of the new issue placing of 220 million shares in Easy One at a price of HK$0.225 per Easy One share and a deemed disposal loss of approximately HK$37.1 million was recognised.

On 28 May 2015, the Group, through its wholly-owned subsidiaries, Hearty Limited and Suntech Investments Limited, executed an irrevocable undertaking in favour of Easy One (as supplemented on 16 July 2015 and 30 July 2015) pursuant to which the Group agreed to fully subscribe for an aggregate of 674,418,750 rights shares under its provisional entitlement and apply for 380,000,000 rights shares by way of excess application, under the rights issue proposed by Easy One in the proportion of five rights shares for every two Easy One shares held at HK$0.168 per rights share of Easy One (which was subsequently changed to HK$0.105 per rights share pursuant to the acknowledgment deed executed in favour of Easy One on 16 July 2015). Immediately upon completion of the Easy One rights issue on 22 September 2015, the Group's shareholding in Easy One was increased to 28.51%.

The Group's share of profit of Easy One amounted to approximately HK$77.9 million (2015: approximately HK$41.0 million) including gain on bargain purchase of approximately HK$68.1 million for the year ended 31 March 2016 (2015: approximately HK$4.0 million).

No impairment on the investment in Easy One was recognised by the Group during the year under review (2015: Nil) as the recoverable amount was assessed to be closed to the carrying value of the interest in Easy One.

*(5) Investment in China Agri-Products Exchange Limited ("**CAP**")*

Pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014), the Group had subscribed up to a principal amount of HK$720.0 million of unlisted 5-year bonds due in 2019 with coupon interest of 10.0% per annum issued by CAP on 28 November 2014 (the "**2019 Bonds**"). As at 31 March 2016, the fair value of the 2019 Bonds held by the Group amounted to approximately HK$671.5 million (2015: approximately HK$613.6 million).

(6) Equity Investments at Fair Value through Profit or Loss

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded a net gain on change in fair value of equity investments at fair value through profit or loss of approximately HK$3.1 million for the year under review (2015: approximately HK$79.8 million).

(7) New Factory Construction Project in Yuen Long Industrial Estate

The Group has been granted a land lot in Yuen Long Industrial Estate for the construction of a state-of-the-art factory to manufacture both Western pharmaceutical and Chinese traditional medicines. The construction of the plant has been completed and trial production is now underway. Normal production is scheduled to commence in early 2017.

(8) Acquisition of a Factory Building and Two Dormitory Buildings in the PRC

To expand the Group's manufacturing capacity and further strengthen its business in the PRC, on 16 July 2015, the Group entered into a provisional agreement with The Sky High Plastic Works Limited (the "**Vendor**"), a third party independent of and not connected with the Company and its connected persons, for the acquisition of a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the PRC, with a gross floor area of approximately 19,475 square meters for a total consideration of approximately HK$81.3 million. HK$32.5 million have been paid on or before 23 October 2015 as part of the consideration and the balance of HK$48.8 million paid on 9 December 2015 to the Vendor's solicitors as stakeholder shall be released to the Vendor upon completion on or before 31 July 2016. Given that additional time is required for arranging the formalities for completing the acquisition, completion of the acquisition has been extended from 16 October 2015 to 31 July 2016, details of which were set out in the Company's announcements dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016 and 27 April 2016 respectively.

FINANCIAL REVIEW

Fund Raising

On 19 May 2015, the Company completed a rights issue of one rights share for every two existing shares held by qualifying shareholders at an issue price of HK$0.108 per rights share (the "**Rights Issue**") and a total of 2,108,571,484 rights shares were issued. The net proceeds from the Rights Issue amounted to approximately HK$222.4 million. The Group intended to utilise as to approximately HK$70.0 million for the payment of construction costs of the Group's new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing business; approximately HK$60.0 million for potential property acquisition opportunities; approximately HK$50.0 million for the repayment of bank borrowings and interests; and the remaining balance of approximately HK$42.4 million for general working capital of the Group. As at 31 March 2016, approximately HK$70.0 million were utilised for the payment of construction costs for the Group's new factory at Yuen Long Industrial Estate; approximately HK$50.0 million were applied for the repayment of bank borrowings and interests; approximately HK$42.4 million were utilised for the Group's general working capital for the settlement to suppliers and payment of salaries; and approximately HK$60.0 million were utilised as the deposit for property acquisition.

Liquidity and Gearing and Financial Resources

As at 31 March 2016, the Group had total assets of approximately HK$3,237.5 million (2015: approximately HK$2,823.9 million) which were financed by current liabilities of approximately HK$320.8 million (2015: approximately HK$425.5 million), non-current liabilities of approximately HK$587.1 million (2015: approximately HK$352.4 million) and shareholders' equity of approximately HK$2,329.6 million (2015: approximately HK$2,046.0 million).

As at 31 March 2016, the Group's bank balances and cash were approximately HK$205.6 million (2015: approximately HK$251.0 million). As at 31 March 2016, the Group's total bank borrowings amounted to approximately HK$738.7 million (2015: approximately HK$550.1 million), all of which bore interest at floating interest rates and were denominated in Hong Kong dollars. As at 31 March 2016, the maturity profile of all bank borrowings based on the scheduled repayment dates set out in the relevant loan agreements was shown below, together with the corresponding figures as at 31 March 2015:

	2016	**2015**
	HK$'000	*HK$'000*
Repayable:		
Within one year	130,040	85,035
In the second year	154,522	86,489
In the third to fifth years, inclusive	331,638	221,972
Beyond five years	122,486	156,600
	738,686	550,096

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 2.6 (2015: approximately 2.0). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 31.8% (2015: approximately 27.0%). The Group always adopts a conservative approach in its financial management.

Significant Investments Held

As at 31 March 2016, the Group had available-for-sale investment of approximately HK$671.5 million and equity investments at fair value through profit or loss of approximately HK$197.1 million. Details of which are set out in the following table:

	As at 31 March 2016				For the year ended 31 March 2016			Fair value/carrying amount		
Nature of investments	Number of shares held	Amount/ units held	Percentage of shareholding in such stock	Percentage to the Group's total assets	Change in Fair value	Imputed interest income	Interests/ Dividends received	As at 31 March 2016	As at 31 March 2015	Investment cost
	'000	HK$'000	%	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investment (unlisted securities debenture):										
CAP	–	671,521	–	20.74%	54,880	3,026	72,158	671,521	613,615	720,000
	–	671,521	–	20.74%	54,880	3,026	72,158	671,521	613,615	720,000
Equity investments at fair value through profit or loss:										
A. Listed Investments										
Landing International Development Limited ("**Landing**")	–	–	–	–	(1,565)	–	–	–	4,752	9,921
Kingston Financial Group Limited ("**Kingston**")	12,336	45,520	0.09%	1.41%	34,664	–	–	45,520	10,856	9,413
Jun Yang Financial Holdings Limited ("**Jun Yang**")	1,333	426	0.01%	0.01%	(3,238)	–	–	426	3,664	9,705
Town Health International Medical Group Limited ("**Town Health**")	52,500	76,650	0.68%	2.37%	(46,725)	–	173	76,650	123,375	16,434
Sino Harbour Holdings Group Limited ("**Sino Harbour**")	18,000	28,260	1.46%	0.87%	16,020	–	–	28,260	12,240	20,049
Wang On	423,000	40,608	2.19%	1.25%	3,948	–	1,833	40,608	36,660	16,819
B. Mutual Funds										
Emerging Market Bond Fund	33	494	–	0.02%	(6)	–	–	494	500	519
China Growth Fund	13	110	–	0.01%	(22)	–	–	110	132	130
Asian Equity Plus Fund	20	232	–	0.01%	(26)	–	–	232	258	212
ASEAN Frontier Fund	21	221	–	0.01%	(24)	–	–	221	245	212
USD Money Fund	57	539	–	0.02%	(1)	–	–	539	540	541
Opus Mezzanine Fund 1 LP		4,015	–	0.11%	115	–	–	4,015	–	3,900
		197,075	–	6.09%	3,140	–	2,006	197,075	193,222	87,855

The principal activities of the abovementioned investments are set out below:

(a) CAP is principally engaged in the management and sales of properties in agricultural produce exchange markets in the PRC;

(b) Landing is principally engaged in the design, manufacturing and sales of the light-emitting diode business; property development business; and development and operation of the integrated resort and casino business;

(c) Kingston is principally engaged in the provision of securities brokerage, underwriting and placements, margin and initial public offering financing and other financial services; and hotel ownership and management, food and beverage, casino and securities investment business;

(d) Jun Yang is principally engaged in the financial services business; solar energy business with a current focus on development, construction, operation and maintenance of power station projects; money lending business; and assets investment business;

(e) Town Health is principally engaged in healthcare business investments; the provision and management of medical, dental and other healthcare related services; and the investments and trading in properties and securities;

(f) Sino Harbour is principally engaged in the property development business with a focus on residential properties in Jiangxi Province, the PRC; and

(g) Wang On is principally engaged in property development, property investment, management and sub-licensing of Chinese wet markets and provision of finance in Hong Kong and the PRC.

Financial Review and Prospect of Significant Investments Held:

Available-for-sale investment

Pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014), the Group had subscribed up to a principal amount of HK$720.0 million of the 2019 Bonds. As at 31 March 2016, the fair value of the 2019 Bonds held by the Group amounted to approximately HK$671.5 million (2015: approximately HK$613.6 million). During the year ended 31 March 2016, the 2019 Bonds provide a reasonable and stable cash income stream to the Group and the Group intends to hold the 2019 Bonds until its maturity.

Equity investments at fair value through profit or loss

With a view to optimise its use of cash resources, the Group selectively invests in various listed equity securities and mutual funds. As at 31 March 2016, the Group has maintained a portfolio of listed equity securities in Hong Kong and mutual funds which are held for trading purpose. The Group has recorded a net gain on change in fair value of equity investments at fair value through profit or loss of approximately HK$3.1 million for the year under review (2015: approximately HK$79.8 million). The Group always adopts a prudent investment strategy and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

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 Renminbi and Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

Capital Commitment

As at 31 March 2016, the Group had capital commitment of approximately HK$57.9 million (2015: approximately HK$249.5 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Pledge of Assets

As at 31 March 2016, the Group's bank borrowings were secured by the Group's land and buildings and investment properties, with a total carrying value of approximately HK$619.5 million (2015: approximately HK$688.4 million).

Contingent Liabilities

As at 31 March 2016, the Group had no material contingent liabilities (2015: Nil).

EMPLOYEES

As at 31 March 2016, the Group had 778 (2015: 757) employees, of whom approximately 75.0% (2015: 71%) 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 performance as well as the individual's performance. Other benefits such as medical and retirement benefits and structured training programs are also provided.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has examined all of the risks identified by the Group based on our risk management system and considered that the major risks and uncertainties that may affect the Group included (i) industrial policy risk: with the deepening of medical system reform and the issuance of a number of industrial policies and laws in respect of medical charge control and control of medicines and certification for Traditional Chinese Medicine significant effect may be brought to the future development of the pharmaceutical industry; (ii) low growth of customer base: due to reducing the number of mainland tourists and Hong Kong economy recession this year; (iii) environmental protection policies: environmental impact, efficiency and security of key infrastructure; (iv) cost control; (v) impairment of inventory: impairment value of inventory due to weather, expiry date and other damages; (vi) supply chain disruption: due to industrial issues, risks of supplier control and flexibilities, to deal with competitive pricings; (vii) inability to penetrate emerging markets: with potential difficulties to effectively penetrate traditional industries and traditional products into emerging markets; (viii) respond to customer behaviour: economy recession, consumers reduced consumption, reduction in consumer spendings and change of impulsive shopping behaviour; (ix) sourcing: less globalised sourcing, the impact on the relative competitiveness of costs; (x) volatility in retail rental: continue increasing in retail rental; and (xi) foreign exchange: fluctuations in the exchange rate affecting the Group's cashflow and profits.

In response to the abovementioned possible risks, the Group had a close monitor to the policy changes, strengthen our interpretation and analysis of policies and adjust strategies in advance to cope with the ever-changing operating environment. In particular, the Group will strengthen the marketing management to cope with changes in consumer behaviour and needs, closely control inventories, establish our own sales policies and product development, safety management and environmental protection level, and push forward the construction of lean management and risk control system. For possible risks, the Company actively proposed solutions to lower down their impacts on the business of the Company.

PROSPECTS

The Group expects the market environment in the near term to remain very challenging. The uncertain macro-economic conditions around the world and the economic slowdown in both Hong Kong and the PRC continue to hamper consumer confidence and the retail sector. Moreover, in April 2015, the PRC and Hong Kong governments announced the change of Shenzhen permanent residents' multiple-entry permits to one-visit-one-week permits upon renewal, which has been further exacerbating the currently declining flow of mainland tourist arrivals in Hong Kong. The relatively stronger Hong Kong dollar and depreciating yuan have also weakened the consumption sentiment of mainland visitors in Hong Kong.

In the face of the current difficult operating environment, the Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities to further uplift the image and competitiveness of its brands and its products. In addition, the Group will increase its focus and devote more resources in other sale channels, such as chain stores, key accounts, open trade, overseas, so as to widen and enrich the channel mix of its sales. Recognising the importance of the cyber world nowadays, the Group will also invest more in online shopping platforms and digital marketing.

Besides, the Group will explore merger and acquisition opportunities as a means to expedite its growth as well as diversify its investment portfolio for strengthening and broadening its income base. The Group will also keep an eye on suitable retail premises for long term capital appreciation and seek to contain the impact of rental costs on its retail business. The Group will strive to enhance its efficiency and to exercise stringent cost control without compromising the quality of its products.

The inauguration of the modern manufacturing plant at Yuen Long Industrial Estate in early 2017 will greatly enhance the production and research capacity of the Group. The Group will hence have greater flexibility to meet different market demands and be able to manufacture more diverse pharmaceutical and healthy food products to cater for various market segments.

Looking forward, the Group sees opportunities as well as challenges in the market. With its quality products and established foundation, the Group is well-positioned to tackle the upcoming challenges and seize the opportunities ahead. The Group is confident and optimistic about its future outlook.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is an illustrative and unaudited pro forma consolidated statement of financial position of the Group ("**Unaudited Pro Forma Financial Information**"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the WOG Subscription, based on the scenario that Rich Time has undertaken to subscribe for 579,492,205 Rights Shares issued by WYT, which comprise the full acceptance of WOG's provisional entitlement for 209,492,205 Rights Shares issued by WYT, and subscribe for another 370,000,000 Rights Shares issued by WYT by way of excess application (collectively, the "**WOG Subscription**"), assuming Rich Time receives in full the 209,492,205 Rights Shares from the provisional entitlement and Rich Time receives in full the 370,000,000 Rights Share for which it will have made an excess application pursuant to the terms of the WOG Irrevocable Undertaking. On such scenario, the Group's interest in WYT will increase from approximately 22.08% to approximately 51.32%, and WYT will become a subsidiary of the Company and the results of WYT Group will be consolidated into the Group's financial statements.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the WOG Subscription been completed as at 31 March 2016.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statements of the financial position of the Group and WYT as at 31 March 2016 as set out in the 2015/16 annual reports of the Company and WYT, respectively, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial position

	The Group as at 31 March 2016	WYT Group as at 31 March 2016	Pro forma adjustments						Unaudited pro forma of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 1*	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	*Note 2(e)*	*Note 2(f)*	
NON-CURRENT ASSETS									
Property, plant and equipment	92,554	637,277	142,478	229,000					1,101,309
Investment properties	579,200	510,800		(229,000)					861,000
Properties under development	350,000	–							350,000
Goodwill	–	15,335	(15,335)						–
Other intangible assets	–	290	116,926						117,216
Interest in a joint venture	88,253	–							88,253
Investment in associates	571,469	428,470	(315,150)				(571,469)		113,320
Available-for-sale investments	313,996	671,521							985,517
Loans and interest receivables	7,196	–							7,196
Deposits paid	1,896	134,336							136,232
Deferred tax assets	1,577	10,837							12,414
Total non-current assets	2,006,141	2,408,866							3,772,457
CURRENT ASSETS									
Property under development	2,560,519	–							2,560,519
Properties held for sale	91,981	–							91,981
Inventories	–	154,760	51,253						206,013
Available-for-sale investments	201,424	–							201,424
Trade receivables	9,438	127,589							137,027
Loans and interest receivables	279,622	–							279,622
Prepayments, deposits and other receivables	37,425	107,032							144,457
Amounts due from associates	–	12,308							12,308
Financial assets at fair value through profit or loss	343,639	197,075				(40,608)			500,106
Tax recoverable	906	2,447							3,353
Cash and cash equivalents	1,287,315	205,608			399,838		(249,182)	(2,000)	1,641,579
	4,812,269	806,819							5,778,389
Assets classified as held for sale	226,059	21,767	66,233						314,059
Total current assets	5,038,328	828,586							6,092,448

	The Group as at 31 March 2016	WYT Group as at 31 March 2016	Pro forma adjustments						Unaudited pro forma of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 1*	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	*Note 2(e)*	*Note 2(f)*	
CURRENT LIABILITIES									
Trade payables	52,444	78,008							130,452
Other payables and accruals	57,355	80,709							138,064
Deposits received and receipts in advance	82,254	2,971							85,225
Deferred franchise income	–	18							18
Interest-bearing bank and other borrowings	600,047	158,928							758,975
Tax payable	51,247	186							51,433
	843,347	320,820							1,164,167
Liabilities directly associated with the assets classified as held for sale	1,471	–							1,471
Total current liabilities	844,818	320,820							1,165,638
NET CURRENT ASSETS	4,193,510	507,766							4,926,810
TOTAL ASSETS LESS CURRENT LIABILITIES	6,199,651	2,916,632							8,699,267
NON-CURRENT LIABILITIES									
Interest-bearing bank and other borrowings	1,608,741	579,758							2,188,499
Deferred tax liabilities	12,970	7,318	31,966						52,254
Other payables	21,973	–							21,973
Total non-current liabilities	1,643,684	587,076							2,262,726
Net assets	4,555,967	2,329,556							6,436,541
EQUITY									
Equity attributable to owners of the parent									
Share capital	192,885	3,163			9,489		(12,652)		192,885
Reserves	4,364,385	2,319,327	14,068		390,349	(40,608)	(2,139,965)	(2,000)	4,905,556
	4,557,270	2,322,490							5,098,441
Non-controlling interests	(1,303)	7,066	371				1,331,966		1,338,100
Total Equity	4,555,967	2,329,556							6,436,541

Notes:

1. **Basis of preparation**

This Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon: (i) the consolidated statement of financial position of the Group as of 31 March 2016, which has been extracted from the annual report of the Company for the year ended 31 March 2016; and (ii) the consolidated statement of financial position of WYT Group as of 31 March 2016, which has been extracted from the annual report of WYT for the year ended 31 March 2016; and adjusted in accordance with the pro forma adjustments described in note 2 below, as if the WOG Subscription had been completed on 31 March 2016.

This Unaudited Pro Forma Financial Information has been prepared in a manner consistent with both the format and accounting policies adopted by the Company in its consolidated financial statements for the year ended 31 March 2016.

2. **Notes to the pro forma adjustments**

(a) The adjustment represents the fair value adjustment on identified assets and liabilities of WYT Group arising from purchase price allocation upon completion of the WOG Subscription. Assuming as at 31 March 2016, the Group beneficially owns an aggregate 69,830,735 WYT Shares and thus, is entitled to and has subscribed for 209,492,205 Rights Share with the subscription price of HK$0.43 each, based on the WYT Rights Issue of three Rights Share for every one existing WYT share on full acceptance of the Group's provisional entitlements in the WYT Rights Issue and subscribe for another 370,000,000 Rights Share with the subscription price of HK$0.43 each by way of excess application. Subscription Price of HK$249.2 million in total would be paid for the above full acceptance and excess application of Rights Shares. Upon the completion of the WOG Subscription, the Group's interest in WYT will increase from approximately 22.08% to approximately 51.32%, and WYT will become a subsidiary of the Company and the results of WYT Group will be consolidated into the Group's financial statements commenced from the completion date.

For the purpose of this Unaudited Pro Forma Financial Information, the Directors have engaged Savills Valuation and Professional Services Limited ("Savills"), an independent professionally qualified valuer, to measure the fair value of each of the identified assets and liabilities of the WYT Group as at 31 March 2016.

The fair values of the identifiable assets and liabilities of the WYT Group, as extracted from the valuation report prepared by Savills, are as follow:

	Notes	Carrying value *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*(ii)*	637,277	142,478	779,755
Investment properties	*(ii)*	510,800		510,800
Goodwill		15,335	(15,335)	–
Other intangible assets	*(i)/(ii)*	290	116,926	117,216
Investment in associates	*(ii)*	428,470	(315,150)	113,320
Available-for-sale investments		671,521		671,521
Deposits paid		134,336		134,336
Deferred tax assets		10,837		10,837
Total non-current assets		2,408,866		2,337,785

	Notes	Carrying value HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
CURRENT ASSETS				
Inventories	*(ii)*	154,760	51,253	206,013
Trade receivables		127,589		127,589
Prepayment, deposits and other receivables		107,032		107,032
Amounts due from associates		12,308		12,308
Financial assets at fair value through profit or loss		197,075		197,075
Tax recoverable		2,447		2,447
Cash and cash equivalents		205,608		205,608
		806,819		858,072
Asset classified as held for sale	*(ii)*	21,767	66,233	88,000
Total current assets		828,586		946,072
CURRENT LIABILITIES				
Trade payables		78,008		78,008
Other payables and accruals		80,709		80,709
Deposits received and receipts in advance		2,971		2,971
Deferred franchise income		18		18
Interest-bearing bank and other borrowings		158,928		158,928
Tax payable		186		186
Total current liabilities		320,820		320,820
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings		579,758		579,758
Deferred tax liabilities	*(iii)*	7,318	31,966	39,284
Total non-current liabilities		587,076		619,042
Net Assets		2,329,556		2,343,995
Non-controlling interests		7,066	371	7,437

(i) In accordance with Hong Kong Financial Reporting Standard ("HKFRS") 3 (Revised) *Business Combinations*, at the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other HKFRSs subsequently. Hong Kong Accounting Standard ("HKAS") 38 *Intangible Assets* requires an intangible asset to be identifiable to distinguish it from goodwill. Goodwill recognised in a business combination is an asset representing the future economic benefit arising from other assets acquired in a business combination that is not individually identified and separately recognised. Any intangible item acquired in a business combination is recognised as an asset separately from goodwill when it is identifiable and could be measured reliably. If the amount cannot be recognised as an intangible asset, it forms part of the amount recognised as goodwill at the acquisition date.

For the purpose of this Unaudited Pro Forma Financial Information, the Directors considered that the trademarks of WYT and Pearl's are intangible items that are separately identifiable and could be measured reliably. The fair value of the trademarks of HK$117,216,000 at 31 March 2016 is extracted from the valuation report prepared by Savills.

According to the Group's accounting policy, the cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Upon Completion, the Directors confirmed that they will adopt consistent accounting policies, principal assumptions and valuation method in relation to the recognition of intangible assets in accordance with the requirement of HKAS 38.

The reporting accountants have conducted their engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus* and considered that the recognition of intangible assets is consistent with the Company's applicable financial reporting framework and its accounting policies under that framework. However, the reporting accountants did not perform an audit or review of the financial information used in financial forecast prepared by the Company.

(ii) Below is a summary of the valuation approach and assumptions adopted in determining the fair value of certain key identifiable assets and liabilities:

	Valuation approach and assumptions
Property, plant and equipment	Income approach, direct comparison approach and depreciation replacement cost method
Investment properties	Investment method, with an estimation of rental value per square feet and per month and capitalisation rates from the existing tenancies and the potential reversionary market rent of properties
Other intangible assets	Royalty relief method, based on the annual financial enhancement to WYT Group discounted at the estimated rate of return of similar assets
Investment in an associate	Market approach, reference to the quoted closing market price of the shares of the associate
Inventories	Market approach, reference to the net realisable values
Asset classified as held for sale	Transaction price stipulated in a sale and purchase agreement

(iii) Deferred tax liabilities arising from the fair value adjustments on property, plant and equipment and inventories at the prevailing tax rate of 16.5%.

(b) This adjustment represents the reclassification of an investment property held by the Group to property, plant and equipment as the property was rented to a subsidiary of WYT for its retail business. The fair value of the property as at 31 March 2016 amounting to HK$229,000,000 was transferred from investment properties to property, plant and equipment in accordance with HKAS 16 *Property, plant and equipment*.

(c) The adjustment represents the effect of the Rights Issue, assuming that 948,857,166 Rights Shares of WYT (assuming no share options was exercised before the Record Date) were issued at HK$0.43 per Share at an aggregate consideration of HK$399.8 million (net of expenses), of which HK$9.5 million is credited to share capital and the remaining HK$390.3 million is credited to the share premium account.

(d) The adjustment represents the reclassification of the interest in the Company held by WYT Group to treasury shares upon consolidation of WYT Group. As at 31 March 2016, WYT Group held 423,000,000 shares of the Company and the fair value of the Company's share held by WYT Group was HK$40,608,000. The fair value of WYT Group's interest in the Company was reclassified to treasury shares in accordance with HKAS 32 *Financial Instruments: Presentation*.

(e) The adjustment represents (i) the elimination of the share capital of WYT amounted to HK$12,652,000 and pre-acquisition reserves of WYT Group amounted to HK$1,049.0 million upon the completion of the WOG Subscription; (ii) recognition of non-controlling interests; (iii) derecognition of the interest in an associate for the Group's interest in WYT; and (iv) recognition of gain on bargain purchase, assuming that the WOG Subscription had taken place on 31 March 2016.

A pro forma gain on bargain purchase arising on the date of acquisition of WYT Group is calculated as follows:

	HK$'000	*HK$'000*
Consideration:		
Cash consideration for WOG subscription		249,182
Reclassification of pre-existing investment in an associate	571,469	
Less: loss on re-measurement of existing interest in an associate to acquisition date fair value*	(507,225)	64,244
Total fair value of consideration		313,426
Less: Pro forma assumed fair value of the identifiable net assets of the WYT Group	2,343,995	
Net proceeds from Rights Issue of WYT	399,838	
Less: fair value of non-controlling interest	(7,437)	
Less: recognition of non-controlling interest	(1,331,966)	1,404,430
Gain on bargain purchase		1,091,004

* The loss on re-measurement of existing interest in an associate of HK$507,225,000 is attributable to the fair value adjustment of WYT Shares held by the Group with reference to the quoted closing price on 31 March 2016.

The gain on bargain purchase arising from the WOG Subscription is credited to profit or loss. Actual goodwill or gain on bargain purchase arising from the WOG Subscription depend on fair value of net identifiable assets of the WYT Group at the completion date and shall be different to the amount calculated in the above table.

(f) This adjustment represents the estimated direct legal and professional costs related to the WOG Subscription, which amounts to approximately HK$2,000,000.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT IN THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

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

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

9 August 2016

To the Directors of Wang On Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purpose only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at 31 March 2016 and the related notes set out on pages III–4 to III–7 of the Circular issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page III-1 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the subscription of rights shares issued by Wai Yuen Tong Medicine Holdings Limited ("**WYT**") comprising the full acceptance of provisional entitlement and the excess application for rights shares issued by WYT (collectively, the "**WOG Subscription**") on the financial of the Group position as at 31 March 2016 as if the WOG Subscription had taken place on 31 March 2016. As part of this process, information about the financial positions of the Group and WYT and its subsidiaries (herein after collectively refer to as the "**WYT Group**") have been extracted by the Directors from the financial statements of the Group and the WYT Group for the year ended 31 March 2016, on which annual reports have been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

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

Our independence and quality control

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

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

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

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

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

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

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

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly complied on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares:

	Number of Shares held, capacity and nature of interest					Approximate percentage of the Company's total issued share capital
Name of Director	Personal interest	Family interest	Corporate interest	Other interest	Total	(*Note f*) %
Mr. Tang Ching Ho ("Mr. Tang")	28,026,339	28,026,300 (*Note a*)	4,938,375,306 (*Note b*)	4,989,928,827 (*Note c*)	9,984,356,772	51.76
Ms. Yau Yuk Yin ("Ms. Yau")	28,026,300	4,966,401,645 (*Note d*)	–	4,989,928,827 (*Note e*)	9,984,356,772	51.76

Notes:

(a) Mr. Tang was taken to be interested in those Shares in which his spouse, Ms. Yau, was interested.

(b) Mr. Tang was taken to be interested in those Shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested. Mr. Tang is also the sole director of Caister Limited.

(c) Mr. Tang was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.

(d) Ms. Yau was taken to be interested in those Shares in which her spouse, Mr. Tang, was interested.

(e) Ms. Yau was taken to be interested in those Shares by virtue of being a beneficiary of Tang's Family Trust.

(f) The percentage represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date of 19,288,520,047 Shares.

(b) Substantial Shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

(i) Long positions in the Shares:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital *(Note 5)* %
Caister Limited *(Note 1)*	Beneficial owner	4,938,375,306	25.60
Accord Power Limited *(Note 2)*	Beneficial owner	4,989,928,827	25.87
Fiducia Suisse SA *(Note 2)*	Interest of controlled corporation	4,989,928,827	25.87
David Henry Christopher Hill *(Note 3)*	Interest of controlled corporation	4,989,928,827	25.87
Rebecca Ann Hill *(Note 4)*	Family interest	4,989,928,827	25.87

Notes:

(1) Caister Limited is beneficially wholly-owned by Mr. Tang Ching Ho, who is an executive Director and the sole director of Caister Limited.

(2) Accord Power Limited is wholly owned by Fiducia Suisse SA in its capacity as the trustee of Tang's Family Trust. Accordingly, Fiducia Suisse SA was taken to be interested in those Shares held by Accord Power Limited.

(3) Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher Hill, and accordingly, Mr. David Henry Christopher Hill was taken to be interested in those Shares in which Fiducia Suisse SA was interested.

(4) Ms. Rebecca Ann Hill was taken to be interested in those Shares in which her spouse, Mr. David Henry Christopher Hill, was interested.

(5) The percentage represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date of 19,288,520,047 Shares.

(ii) Interest in subsidiaries of the Company:

Name of subsidiary	Name of shareholder (other than members of the Group)	Capacity	Approximate percentage of the total issued share capital of such subsidiary %
Grandwall Investment Limited	Kam Wah Successful Limited *(Note 1)*	Beneficial owner	40
New Rich Investments Limited	Kam Wah Sure Win Limited *(Note 2)*	Beneficial owner	40

Notes:

(1) Kam Wah Successful Limited is directly held by Kam Wah Properties Holdings Limited which in turn is ultimately owned by Mr. Yeung Fun Bun.

(2) Kam Wah Sure Win Limited is directly held by Kam Wah Properties Holdings Limited which in turn is ultimately wholly owned by Mr. Yeung Fun Bun.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

There is no contract or arrangement entered into by any member of the Enlarged Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group as a whole.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest, direct or indirect, in any assets which had been, since 31 March 2016, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

4. DIRECTORS' INTERESTS IN COMPETING INTERESTS

Mr. Chan Chun Hong, the Managing Director of the Company, is currently the Chairman and managing director of Easy One Financial Group Limited, which has been principally engaged in financing business since November 2015, which were overlapping with the financing business of the Group (contributing approximately 0.3% of the total revenue for the year ended 31 March 2016 to the Group), and thus may compete, or is likely to compete, either directly or indirectly, with the financing business of the Group.

For safeguarding the interests of the Group, the independent non-executive Directors and the audit committee of the Company would on a regular basis review the business and operational results of the Group to ensure, inter alia, that the Group's financing business is and continues to be run on the basis that they are independent of, and at arm's length from, those operated by members of Easy One Financial Group Limited.

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

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

6. LITIGATION

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

7. MATERIAL CONTRACTS

The WOG Group

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the date of the Joint Announcement and ending on the Latest Practicable Date and are or may be material:

(a) the WOG Irrevocable Undertaking;

(b) the underwriting agreement dated 6 April 2016 entered into by Wang On Properties Limited, the Company, Wong Yiu Hung Gary, Tang Ho Hong, Earnest Spot Limited, Wang On Enterprises (BVI) Limited, CLC International Limited, Kingston Corporate Finance Limited, Kingston Securities Limited, VMS Securities Limited, Get Nice Securities Limited and CLC Securities Limited, relating to the placing of 342,000,000 shares in the issued share capital of Wang On Properties Limited (the "Placing");

(c) the stock borrowing agreement dated 6 April 2016 entered into between Earnest Spot Limited, as lender, and Kingston Securities Limited, as borrower, pursuant to which Earnest Spot Limited agreed to lend to Kingston Securities Limited up to 57,000,000 shares in Wang On Properties Limited in order to facilitate the settlement of over-allocations in connection with the Placing;

(d) the deed of non-competition dated 29 March 2016 entered into by the Company in favour of Wang On Properties Limited (for itself and for each of its subsidiaries), pursuant to which the Company agreed not to, among other things, engage or participate in any business which is in competition with Wang On Properties Limited's business;

(e) the underwriting agreement dated 29 March 2016 entered into by Wang On Properties Limited, the Company, Wong Yiu Hung Gary, Tang Ho Hong, Earnest Spot Limited, Wang On Enterprises (BVI) Limited, CLC International Limited, Kingston Corporate Finance Limited, Kingston Securities Limited, VMS Securities Limited, Get Nice Securities Limited and CLC Securities Limited, relating to the issue and offer of 38,000,000 new shares by Wang On Properties Limited for subscription in Hong Kong;

(f) sale and purchase agreement dated 16 March 2016 entered into between Sparkle Hope Limited and Wang On Enterprises (BVI) Limited in respect of the acquisition by Sparkle Hope Limited of the entire issued share capital of, and shareholders' loans owed by, East Run Investments Limited and More Action Investments Limited at a consideration of HK$2,047,989,378;

(g) deed of assignment of loan dated 16 March 2016 entered into between Wang On Enterprises (BVI) Limited, Earnest Spot Limited and Sparkle Hope Limited under which Wang On Enterprises (BVI) Limited assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope Limited to Wang On Enterprises (BVI) Limited in the amount of HK$2,047,989,378 to Earnest Spot Limited absolutely, in consideration of which Earnest Spot Limited issued to Wang On Enterprises (BVI) Limited one share, credited as fully paid, in its issued share capital;

(h) deed of assignment of loan dated 16 March 2016 entered into between Earnest Spot Limited, Wang On Properties Limited and Sparkle Hope Limited under which Earnest Spot Limited assigned the full benefits and advantages of, and all rights, interests, benefits, entitlements and title in the sum owed by Sparkle Hope Limited to Earnest Spot Limited in the amount of HK$2,047,989,378 to Wang On Properties Limited absolutely, for a consideration of HK$1.00;

(i) a sale and purchase agreement dated 1 December 2015 entered into between Super Eagle Limited, as purchaser, East Run Investments Limited, a then indirectly wholly-owned subsidiary of the Company, as vendor, and the Company, as guarantor, in relation to the sale and the assignment of the entire issued share capital of Level Success Limited and the benefit of the loan owed by Level Success Limited to East Run Investments Limited for a total consideration of HK$823.0 million, the details of which were set out in the announcement of the Company dated 1 December 2015;

(j) a sale and purchase agreement dated 13 November 2015 entered into between the East Run Investments Limited, as vendor, and Guidepost Investments Limited, an indirectly wholly-owned subsidiary of WYT, as purchaser, in relation to the disposal of subsidiaries, namely Sunbo Investment Limited and Good Excellent Limited which are holding properties located at Tsuen Wan, New Territories and Sham Shui Po, Kowloon for a total consideration of HK$70.0 million (subject to adjustment of 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 jointly appointed by the vendor and the purchaser), the details of which were set out in the announcement of the Company dated 13 November 2015;

(k) a loan agreement dated 17 August 2015 entered into between Double Leads, an indirectly wholly-owned subsidiary of the Company, as the lender, and CAP, as the borrower, in relation to the grant of an unsecured revolving credit facility of not exceeding a sum of HK$100.0 million at an interest rate of 12.0% per annum to CAP for a term of 36 months commencing from 17 August 2015 and expiring on 16 August 2018;

(l) a sale and purchase agreement dated 12 August 2015 entered into between East Run Investments Limited, as vendor, and Dragon Jet Limited, as purchaser, in relation to the sale of the entire issue share capital of Easy Kingdom Limited at a consideration of HK$158.0 million, the details of which were set out in the announcement of the Company dated 12 August 2015;

(m) a loan agreement dated 21 July 2015 entered into between Double Leads, as lender, and CAP, as borrower, in relation to the grant of an unsecured revolving credit facility of not exceeding a sum of HK$30.0 million at an interest rate of 12.0% per annum to CAP for a term of 12 months commencing from 21 July 2015 and expiring on 20 July 2016;

(n) an irrevocable undertaking dated 25 March 2015 granted by Rich Time in favour of WYT to accept and subscribe for 432,271,017 rights shares of its provisional entitlements and apply, by way of excess application, for 530,000,000 rights shares, under WYT's rights issue at HK$0.108 per right share of WYT, the details of which were set out in the joint announcement issued by the Company and WYT dated 26 March 2015;

(o) a loan agreement dated 13 February 2015 entered into between Double Leads, as lender, and CAP, as borrower, in relation to the grant of an unsecured revolving credit facility of not exceeding a sum of HK$110.0 million at an interest rate of 12.0% per annum to CAP for a term of 12 months commencing from 13 February 2015 and expiring on 12 February 2016, the details of which were set out in the announcement of the Company dated 13 February 2015, such agreement was terminated on 17 August 2015;

(p) a provisional sale and purchase agreement dated 7 November 2014 entered into between Oriental Sino Investments Limited, a then indirectly wholly-owned subsidiary of the Company, as purchaser, and King Prosper Trading Limited, as vendor, in relation to the acquisition of a property located at Percival Street, Hong Kong for a total consideration of HK$210.0 million, the details of which were set out in the announcement of the Company dated 7 November 2014;

(q) a subscription agreement dated 4 October 2014 entered into between CAP (being the issuer), Double Leads, Peony Finance Limited and Winning Rich (collectively, the "**Subscribers**") and a placing agent in relation to the placing of the two-year 8.5% coupon bonds and five-year 10.0% coupon bonds (collectively, the "**Bonds**") and the subscription of the Bonds by the Subscribers, subject to the terms and conditions contained under the subscription agreement, the details of which were set out in the joint announcements of the Company and other listed issuers dated 5 October 2014 and 28 November 2014, respectively;

(r) a supplemental agreement dated 30 September 2014 to the loan agreement dated 31 July 2012 (as amended by a supplemental agreement dated 31 July 2012 and further amended by an assignment dated 15 April 2014) entered into between Double Leads, as lender, and CAP, as borrower, for the extension of the repayment date from 30 September 2014 to 30 November 2014 in consideration that CAP will use the net proceed from the Bonds Issue to repay such secured credit facility of a sum of HK$670.0 million, the details of which were set out in the announcement of the Company dated 4 October 2014;

(s) a top-up placing and subscription agreement dated 12 September 2014 entered into between Ever Task Limited, an indirectly wholly-owned subsidiary of the Company, as vendor and subscriber, Kingston Securities Limited, as placing agent, and PNG Resources Holding Limited ("**PNG**"), in relation to the top-up placing and subscription of 150,000,000 shares of PNG at HK$0.325 per PNG placing share, the details of which were set out in the joint announcements of the Company and PNG dated 12 and 29 September 2014, respectively; and

(t) a top-up placing and subscription agreement dated 20 August 2014 entered into between Rich Time, as vendor and subscriber, Kingston Securities Limited, as placing agent, and WYT, in relation to the top-up placing and subscription of 586,000,000 shares of WYT at HK$0.186 per WYT placing share, the details of which were set out in the joint announcement of the Company and WYT dated 20 August 2014.

The WYT Group

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

(a) the Underwriting Agreement;

(b) the Bond Transfer Agreement;

(c) the SZ Removal Agreement (as defined in the Joint Announcement);

(d) the SZ Supplemental Agreements (as defined in the Joint Announcement);

(e) the SZ Provisional Agreement (as defined in the Joint Announcement);

(f) a provisional sale and purchase agreement dated 25 November 2015 entered into between an individual who is an independent third party to the WYT Group and Smart First Investment Limited, an indirectly wholly-owned subsidiary of WYT, in relation to the disposal of a property located at Ground Floor, First Floor, Second Floor and Rooftop of No. 68 San Hong Street, Sheung Shui, New Territories, Hong Kong for a total consideration of HK$88.0 million, the details of which were set out in the announcement issued by WYT on 26 November 2015;

(g) a conditional sale and purchase agreement dated 13 November 2015 entered into between Guidepost Investments Limited ("**Guidepost**"), an indirectly wholly-owned subsidiary of WYT as purchaser, and East Run Investments Limited, a then indirectly wholly-owned subsidiary of the Company as vendor, in relation to the acquisition by Guidepost of Sunbo Investment Limited and Good Excellent Limited, which hold properties located at Shop B on Ground Floor, including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories and all that Shop on Ground Floor, with the Cockloft, 60A Yen Chow Street, Kowloon, respectively, for an aggregate consideration of HK$70.0 million (subject to adjustment as stipulated in the agreement), the details of which were set out in the announcement and circular issued by WYT on 13 November 2015 and 4 December 2015, respectively;

(h) an acknowledgement deed dated 16 July 2015 entered into by Hearty Limited ("**Hearty**") and Suntech Investments Limited ("**Suntech**"), indirectly wholly-owned subsidiaries of WYT, in favour of PNG Resources Holdings Limited ("**PNG**", which is now known as Easy One Financial Group Limited) confirming the revised subscription price of HK$0.105 per rights share under the PNG 2015 Rights Issue (as defined below) and agreeing that the terms of the WYT Irrevocable Undertaking (as defined below) remain unchanged save for the change to the latest time for acceptance in respect of the PNG 2015 Rights Issue and the resulting change to the maximum aggregate amount payable by Hearty and Suntech to subscribe in full for their respective provisional entitlements, and by Hearty to subscribe in full for the 380,000,000 rights shares for which it will have made an excess application under the PNG 2015 Rights Issue pursuant to the WYT Irrevocable Undertaking (as defined below). Further details of the said acknowledgement deed are set out in the joint announcement issued by WYT and PNG dated 16 July 2015;

(i) an irrevocable undertaking (the "**WYT Irrevocable Undertaking**") dated 28 May 2015 granted by Hearty and Suntech in favour of PNG under which Hearty and Suntech agreed to subscribe for, respectively, 665,958,750 rights shares and 8,460,000 rights shares, which comprise the full acceptance of their respective provisional entitlements, and Hearty further agreed to apply, by way of excess application, for 380,000,000 rights shares, under PNG's rights issue (the "**PNG 2015**

Rights Issue") at HK$0.168 per rights share of PNG, the details of which were set out in the joint announcement issued by WYT and PNG dated 4 June 2015;

(j) a provisional sale and purchase agreement dated 24 April 2015 entered into between Dvorak Limited, WYT and Guidepost, in relation to the disposal by Guidepost of Smart Star Investments Limited, which held a property located at Shops A and B on Ground Floor, No. 296 Electric Road, North Point, Hong Kong for a consideration of HK$45.0 million, the details of which were set out in the announcement issued by WYT on 27 April 2015;

(k) an underwriting agreement dated 25 March 2015 entered into between WYT and Kingston in relation to the rights issue by WYT on the basis of one rights share for every two then existing shares at a subscription price of HK$0.108 per rights share (as detailed in WYT's announcements dated 26 March 2015 and 18 May 2015, respectively, and the prospectus dated 24 April 2015);

(l) an underwriting agreement dated 23 December 2014 (as varied on 8 January 2015 and 28 January 2015) entered into between CAP, WYT, Jade Range Limited (an indirectly wholly-owned subsidiary of WYT) and Kingston in relation to, among others, the underwriting of 660 million rights shares in CAP contemplated under the rights issue of CAP, the details of which were set out in the announcements jointly issued by the Company, CAP, PNG and WYT dated 8 January 2015 and 29 January 2015 and the circular of WYT dated 13 March 2015, respectively;

(m) a facility letter dated 28 November 2014 entered into between Winning Rich Investments Limited, an indirectly wholly-owned subsidiary of WYT ("**Winning Rich**") and CAP pursuant to which Winning Rich has agreed to extend the repayment of the accrued interests of HK$18,950,685 from 28 November 2014 to 31 May 2015;

(n) a placing agreement dated 20 November 2014 entered into between WYT and Kingston pursuant to which WYT has agreed to place, through Kingston, 700 million new shares in WYT to not fewer than six independent third parties at a placing price of HK$0.133 per share for an aggregate net proceeds of approximately HK$90.5 million, which was completed on 4 December 2014, details of which were set out in the announcement of WYT dated 20 November 2014;

(o) a subscription agreement dated 4 October 2014 (as amended by a supplemental agreement dated 28 November 2014) entered into between (i) CAP, as the issuer; (ii) Double Leads, Peony Finance Limited and Winning Rich, collectively as the subscribers; and (iii) CCB International Capital Limited, as the placing agent, in relation to, inter alia, the subscription for the unsecured five-year 10.0% coupon bonds issued by CAP on 28 November 2014 to Winning Rich ("**2019 CAP Bonds**") for an aggregate sum of HK$720 million, details of which were set out in the announcements of WYT dated 4 October 2014 and 28 November 2014, respectively, and the circular of WYT dated 24 October 2014;

(p) a supplemental agreement dated 30 September 2014 to the loan agreement dated 10 March 2011 (as amended by an amendment deed dated 6 September 2012 and further amended by an assignment dated 25 June 2013) entered into between Winning Rich, as the lender, and CAP, as the borrower, for the extension of the repayment date from 30 September 2014 to 30 November 2014 in consideration that CAP will use the net proceed from the issue of the 2019 CAP Bonds to repay such unsecured loan facility of a sum of HK$15.0 million, the details of which were set out in the announcement of WYT dated 4 October 2014;

(q) a supplemental agreement dated 30 September 2014 to the loan agreement dated 11 January 2011 (as amended by an amendment deed dated 6 September 2012 and further amended by an assignment dated 25 June 2013) entered into between Winning Rich, as the lender, and CAP, as the borrower, for the extension of the repayment date from 30 September 2014 to 30 November 2014 in consideration that CAP will use the net proceed from the issue of the 2019 CAP Bonds to repay such unsecured loan facility of a sum of HK$60.0 million, the details of which were set out in the announcement of WYT dated 4 October 2014; and

(r) a top-up placing and subscription agreement dated 20 August 2014 entered into between Rich Time, as the vendor and the subscriber, WYT, as the issuer, and Kingston, as the placing agent, pursuant to which (i) Rich Time has agreed to place, through Kingston, 586 million existing shares in WYT to not fewer than six placees at a placing price of HK$0.186 per share; and (ii) Rich Time has conditionally agreed to subscribe for 586 million new shares in WYT at the subscription price of HK$0.186 per share. The aggregate net proceeds from the top-up placing and the top-up subscription were approximately HK$105.7 million, and were completed on 25 August 2014 and 28 August 2014, respectively, the details of which were set out in the announcement of WYT dated 20 August 2014.

8. EXPERTS AND CONSENTS

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

Name	Qualification
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young (i) had no shareholding in any member of the Enlarged Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, disposed of by, or leased to any member of the Enlarged Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any Business Day from the date of this circular up to and including the date of the SGM, being 26 August 2016:

(a) the memorandum of association and the bye-laws of the Company;

(b) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;

(c) the report by the auditors on the unaudited pro forma financial information of the Group upon completion of the WOG Subscription set out in Appendix III to this circular;

(d) the annual reports of the Company for the three financial years ended 31 March 2014, 2015 and 2016;

(e) the annual reports of WYT for the three financial years ended 31 March 2014, 2015 and 2016;

(f) the written consent referred to in the paragraph headed “Experts and Consents” in this Appendix; and

(g) this circular.

10. GENERAL INFORMATION

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's head office and principal place of business in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

(b) The company secretary of the Company is Ms. Mak Yuen Ming, Anita. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in the case of inconsistencies.

WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**SGM**") of Wang On Group Limited (宏安集團有限公司)* (the "Company") will be held at 20/F., Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 26 August 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendment, as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the subscription by Rich Time Strategy Limited ("**Rich Time**"), an indirectly wholly-owned subsidiary of the Company, of 209,492,205 rights shares under a proposed rights issue ("**Rights Issue**") by Wai Yuen Tong Medicine Holdings Limited ("**WYT**"), comprising Rich Time's full acceptance of its provisional entitlements under the Rights Issue, and the application for 370,000,000 rights shares by way of excess application, particulars of which are set out in the joint announcement dated 8 July 2016 issued by the Company and WYT pursuant to an irrevocable undertaking dated 5 July 2016 given by Rich Time in favour of WYT (the "**WOG Irrevocable Undertaking**"), together with all the transactions contemplated under the WOG Irrevocable Undertaking, be and are hereby approved, confirmed and ratified; and

(b) any director(s) of the Company be and is authorised to take, on behalf of the Company, all steps necessary or expedient in their opinion to implement and/or give effect to the WOG Irrevocable Undertaking and the transactions contemplated thereunder (including to authorise any amendment, supplementation and/or waiver of any terms thereunder)."

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Mak Yuen Ming, Anita
Company Secretary

Hong Kong, 9 August 2016

* *For identification purpose only*

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

Head office and principal place of business in Hong Kong:
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed.

2. Any member of the Company ("**Member**") entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a Member.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the SGM convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any shares, any one of such joint holders may vote, either in person or by proxy, in respect of such share(s) as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting (as the case may be), the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members in respect of the joint holding.

6. The above resolution will be voted by way of a poll at the SGM.