WANG ON GROUP LIMITED
（宏安集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The board of directors (the "**Board**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2016

		Six months ended 30 September	
	Notes	**2016 (Unaudited) *HK$'000***	2015 (Unaudited) *HK$'000*
REVENUE	*3*	**207,562**	658,941
Cost of sales		**(113,231)**	(421,078)
Gross profit		**94,331**	237,863
Other income and gains, net	*4*	**1,093,596**	17,001
Selling and distribution expenses		**(37,215)**	(32,548)
Administrative expenses		**(83,328)**	(73,492)
Other expenses		**(553,202)**	(1,073)
Finance costs	*5*	**(7,055)**	(13,035)
Fair value losses of financial assets at fair value through profit or loss, net		**(106,270)**	(45,901)
Fair value gains on investment properties, net		**8,321**	44,692
Impairment of investment in an associate		**–**	(11,200)
Reversal of write-down of properties under development		**44,411**	–
Share of profits and losses of:			
Joint ventures		**5,724**	1,478
Associates		**(8,447)**	40,149

* *For identification purpose only*

	Notes	**Six months ended 30 September 2016 (Unaudited)** *HK$'000*	2015 (Unaudited) *HK$'000*
PROFIT BEFORE TAX	*6*	**450,866**	163,934
Income tax expense	*7*	**(2,984)**	(23,717)
PROFIT FOR THE PERIOD		**447,882**	140,217
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		**24,826**	27,592
Exchange differences on translation of foreign operations		**558**	62
Other reserves:			
Release of other reserves upon Step Acquisition of WYTH		**11,870**	–
Share of other comprehensive income of joint ventures		**(2,762)**	(2,497)
Share of other comprehensive income of associates		**6,628**	9,716
		15,736	7,219
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**41,120**	34,873
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**489,002**	175,090
Profit attributable to:			
Owners of the parent		**454,238**	140,520
Non-controlling interests		**(6,356)**	(303)
		447,882	140,217
Total comprehensive income attributable to:			
Owners of the parent		**495,358**	175,393
Non-controlling interests		**(6,356)**	(303)
		489,002	175,090
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK2.35 cents**	HK0.72 cent
Diluted		**HK2.35 cents**	HK0.72 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2016

	Notes	**30 September 2016 (Unaudited) *HK$'000***	31 March 2016 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,105,148**	92,554
Investment properties		**833,700**	579,200
Properties under development		**404,804**	350,000
Investment in joint ventures		**106,511**	88,253
Investment in associates		**90,619**	571,469
Trademarks		**68,991**	–
Available-for-sale investments		**1,101,580**	313,996
Financial assets at fair value through profit or loss		**8,723**	–
Loans and interest receivables		**14,982**	7,196
Deposits paid		**132,658**	1,896
Deferred tax assets		**16,334**	1,577
Total non-current assets		**3,884,050**	2,006,141
CURRENT ASSETS			
Properties under development		**2,699,606**	2,560,519
Properties held for sale		**66,743**	91,981
Available-for-sale investments		**205,437**	201,424
Inventories		**228,109**	–
Trade receivables	*10*	**146,537**	9,438
Loans and interest receivables		**414,728**	279,622
Prepayments, deposits and other receivables		**409,869**	37,425
Financial assets at fair value through profit or loss		**370,106**	343,639
Tax recoverable		**4,437**	906
Cash and cash equivalents		**1,854,885**	1,287,315
		6,400,457	4,812,269
Assets classified as held for sale		**210,570**	226,059
Total current assets		**6,611,027**	5,038,328
CURRENT LIABILITIES			
Trade payables	*11*	**102,678**	52,444
Other payables and accruals		**120,613**	57,355
Deposits received and receipts in advance		**320,179**	82,254
Interest-bearing bank and other loans		**348,423**	600,047
Tax payable		**32,604**	51,247
		924,497	843,347
Liabilities directly associated with the assets classified as held for sale		**–**	1,471
Total current liabilities		**924,497**	844,818
NET CURRENT ASSETS		**5,686,530**	4,193,510
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,570,580**	6,199,651

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**9,570,580**	6,199,651
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	**2,958,073**	1,608,741
Deferred tax liabilities	**51,030**	12,970
Other payables	**29,420**	21,973
Total non-current liabilities	**3,038,523**	1,643,684
Net assets	**6,532,057**	4,555,967
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**192,885**	192,885
Reserves	**4,476,333**	4,364,385
	4,669,218	4,557,270
Non-controlling interests	**1,862,839**	(1,303)
Total equity	**6,532,057**	4,555,967

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to *a number of HKFRSs*

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial statements.

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

3. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development of properties;

(b) the property investment segment engages in investment and the trading of car parking spaces, industrial and commercial premises and residential units for rental or for sale;

(c) the Chinese wet markets segment engages in the management and sub-licensing of Chinese wet markets;

(d) the provision of finance segment engages in money lending and investments in debt securities; and

(e) the pharmaceutical segment engages in production and sale of pharmaceutical and health food products (note).

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

During the year ended 31 March 2016, Management decided to amend the format of management information by excluding the fair value gains/losses arising from financial assets at fair value through profit or loss from reportable segments for the purpose of assessing the performance of the operating segments. Management is of the view that the gains/losses arising from such investments are not related to the principal activities of each operating segment and therefore, they should be included as a corporate item under the reconciliation section. Comparative figures have been restated to conform to the current period's presentation.

Note: Upon the completion of the Step Acquisition of Wai Yuen Tong Medicine Holdings Limited ("**WYTH**") (as hereinafter defined), as further detailed in note 12 to the condensed consolidated financial statements, the production and sale of pharmaceutical and health food products is designated by the board of directors as one of the principal activities of the Group. Moreover, as the completion of Step Acquisition of WYTH (as hereinafter defined) was close to the six months ended 30 September 2016, WYTH and its subsidiaries (collectively, the "**WYTH Group**") did not contribute any revenue to the condensed consolidated profit for the six months ended 30 September 2016, the results of the production and sale of pharmaceutical and health food products business will be separately reviewed and evaluated for management reporting purpose under the pharmaceutical segment during the year ending 31 March 2017.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Chinese wet markets		Provision of finance		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**47,822**	520,446	**18,727**	22,584	**96,939**	85,236	**44,074**	30,675	**207,562**	658,941
Other revenue	**3,327**	2,871	**8,088**	46,004	**6,485**	6,505	**2,650**	2,899	**20,550**	58,279
Total	**51,149**	523,317	**26,815**	68,588	**103,424**	91,741	**46,724**	33,574	**228,112**	717,220
Segment results	**10,843**	99,153	**16,796**	56,074	**8,490**	16,127	**41,681**	30,838	**77,810**	202,192
Reconciliation:										
Bank interest income									**1,818**	3,917
Finance costs									**(7,055)**	(13,035)
Fair value losses of financial assets through profit or loss, net									**(106,270)**	(45,901)
Corporate and unallocated income									**1,079,549**	202
Corporate and unallocated expenses									**(592,263)**	(25,068)
Share of profits and losses of:										
Joint ventures									**5,724**	1,478
Associates									**(8,447)**	40,149
Profit before tax									**450,866**	163,934
Income tax expense									**(2,984)**	(23,717)
Profit for the period									**447,882**	140,217

4. OTHER INCOME AND GAINS, NET

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

		Six months ended 30 September	
		2016	2015
	Note	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*
			(Restated)
Other Income			
Bank interest income		**1,818**	3,917
Imputed interest income from bonds investment		**2,089**	1,888
Dividend income from listed securities		**937**	500
Forfeiture of deposits		**2,491**	2,461
Others		**7,159**	7,532
		14,494	16,298
Gains, net			
Gain on disposal of subsidiaries		**17,042**	703
Gain on bargain purchase	*12*	**1,062,060**	–
		1,079,102	703
Other income and gains, net		**1,093,596**	17,001

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other loans	**31,887**	31,165
Less: interest capitalised	**(24,832)**	(18,130)
	7,055	13,035

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**85,552**	70,528
Cost of properties sold	**25,237**	348,967
Depreciation	**4,511**	3,227
Amount utilised for onerous contracts, net	**–**	(1,651)
Losses on disposals of investment properties, net*	**537**	977
Loss on re-measurement of pre-existing interest in WYTH to acquisition date fair value*	**550,445**	–
Transaction costs incurred for Step Acquisition of WYTH*	**2,220**	–
Impairment of trade receivables, net*	**–**	96
Foreign exchange difference, net	**29**	1,654
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,442**	1,583

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

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The Group's subsidiaries established in the People's Republic of China, had no assessable profits during the period.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**6,439**	18,925
Deferred	**(3,455)**	4,792
Total tax charge for the period	**2,984**	23,717

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

The calculation of the basic earnings per share amount for the six months ended 30 September 2016 is based on the profit attributable to ordinary equity holders of the parent of HK$454,238,000 (six month ended 30 September 2015: HK$140,520,000), and the weighted average number of ordinary shares of 19,288,520,047 (six months ended 30 September 2015: 19,575,375,487) in issue during the six months ended 30 September 2016.

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

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2016.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**454,238**	140,520

	Number of shares	
	2016	2015
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in basic earnings per share calculation	**19,288,520,047**	19,575,375,487
Effect of dilution – weighted average number of ordinary shares: Share options	**–**	47,598
Weighted average number of ordinary shares, used in diluted earnings per share calculation	**19,288,520,047**	19,575,423,085

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend – HK0.1 cent (2015: HK0.1 cent) per ordinary share	**19,289**	19,576

10. TRADE RECEIVABLES

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

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Within 90 days	**86,043**	9,295
91 days to 180 days	**28,336**	1
Over 180 days	**32,375**	359
	146,754	9,655
Less: impairment	**(217)**	(217)
	146,537	9,438

The credit period generally ranges from 15 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

11. TRADE PAYABLES

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

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Within 90 days	**89,661**	52,444
91 days to 180 days	**11,935**	–
Over 180 days	**1,082**	–
	102,678	52,444

The trade payables are non-interest bearing and are normally settled on terms of 30 days to 60 days. The carrying amounts of the trade payables approximate to their fair values.

12. STEP ACQUISITION OF WYTH

On 29 September 2016, WYTH completed a rights issue on the basis of three rights shares for every one WYTH share at HK$0.43 per share (the "**WYTH Rights Issue**"). As a result of the Group's provisional entitlement as aggregated with an excess application in the WYTH Rights Issue, 579,492,205 WYTH shares were allotted to the Group and the Group's interest in WYTH increased from approximately 22.08% to approximately 51.32%, and WYTH became a subsidiary of the Company (the "**Step Acquisition of WYTH**") and the results of WYTH Group is consolidated into the Group's financial statements commencing from the acquisition date.

The Group accordingly remeasured the fair value of its previously held equity interest in WYTH at the acquisition date and recognised the resulting loss of HK$550,445,000 on remeasurement of the Group's pre-existing interest in WYTH to acquisition date fair value and included such loss in "Other expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

The aggregate provisional fair values of the identifiable assets and liabilities of WYTH Group as at the acquisition date are as follows:

	Provisional fair values recognised on acquisition date
	HK$'000
Investment properties	481,800
Property, plant and equipment	785,214
Investments in associates	90,619
Trademarks	68,991
Available-for-sale investments	720,000
Deposit paid	121,533
Deferred tax assets	10,837
Inventories	228,109
Trade receivables	144,206
Interests receivables	24,842
Prepayment, deposit and other receivables	67,290
Financial assets at fair value through profit or loss	131,462
Tax recoverable	2,053
Cash and cash equivalents	669,470
Trade payables	(63,131)
Other payables and accruals	(78,188)
Interest-bearing bank loans	(773,750)
Deferred tax liabilities	(37,595)
Total identifiable net assets at fair value	2,593,762
Treasury shares (note)	27,918
	2,621,680
Non-controlling interests	(1,279,362)
	1,342,318
Gain on bargain purchase	(1,062,060)
	280,258
Satisfied by:	
Cash	249,183
Fair value of pre-existing interest in WYTH at the date of acquisition	31,075
	280,258

Note: As at the acquisition date, WYTH Group held 423,000,000 shares of the Company and the fair value of the Company's shares held by WYTH Group was HK$27,918,000. The fair value of WYTH Group's interest in the Company was then reclassified to treasury shares.

The transaction costs of HK$2,220,000 incurred for the Step Acquisition of WYTH were expensed off and included in "Other expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair values of the identifiable assets and liabilities of the above Step Acquisition of WYTH and the gain on bargain purchase then arising are determined on a provisional basis as the Group is in the process of completing the independent valuation. They may be adjusted upon the completion of the initial accounting year which shall not exceed one year from the acquisition date.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2015: HK0.1 cent) per ordinary share for the six months ended 30 September 2016. The interim dividend will be payable on or around Friday, 30 December 2016 to those shareholders whose names appear on the register of members of the Company on Tuesday, 20 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 December 2016 to Tuesday, 20 December 2016, both days inclusive, during which period, no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of share(s), accompanied by the relevant share certificate(s) with properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 16 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company had completed on 12 April 2016 the "spin-off" of its residential and commercial property development and commercial and industrial property investment businesses to a separately listed subsidiary, Wang On Properties Limited ("**WOP**", together with its subsidiaries, collectively the "**WOP Group**"). Details of the whole "spin-off" exercise were disclosed in the announcements of the Company dated 28 December 2015, 4 March 2016, 24 March 2016, 30 March 2016, 11 April 2016 and 12 April 2016, respectively. Since 12 April 2016 and as at 30 September 2016, the Company continued to hold 75.0% equity interest in WOP and continued to benefit from the property related business of WOP Group. The financial performance and position of the WOP Group continue to be consolidated into the financial statements of the Group.

Besides, since 29 September 2016 and as at 30 September 2016, the Company held 51.32% equity interest in WYTH which had increased from the original 22.08% as at 31 March 2016 pursuant to the WYTH Rights Issue. Details of the Company's participation in WYTH Rights Issue were disclosed in the announcements of the Company dated 8 July 2016 and 26 August 2016, respectively. The financial performance and position of the WYTH Group has been consolidated into the financial statements of the Group since 29 September 2016.

As at 30 September 2016, the Group was composed of the Company, and its subsidiaries including the WOP Group and the WYTH Group. Since the completion of the Step Acquisition of WYTH on 29 September 2016, WYTH Group contributed a loss of approximately HK$2.2 million to the Group.

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2016 amounted to approximately HK$207.6 million (six months ended 30 September 2015: approximately HK$658.9 million), which represented a significant decrease of approximately HK$451.3 million or about 68.5% compared with corresponding period last year. The relatively underperformed revenue of the current reporting period was mainly attributable to the decrease in revenue contributed from property development projects as there were fewer properties for sale. Profit attributable to owners of the parent for six months ended 30 September 2016 was approximately HK$454.2 million (six months ended 30 September 2015: approximately HK$140.5 million), which in contrast represented a substantial increase of approximately HK$313.7 million or about 223.3% over the corresponding period last year. The substantial increase in profit was mainly attributable to the gain on bargain purchase from the acquisition of additional equity interest in WYTH, despite there had been a notable decrease in fair value of financial assets during the current reporting period. The review of the individual business segments of the Group is set out below.

Property Development

Revenue recognised in this business segment for the reporting period amounted to approximately HK$47.8 million (six months ended 30 September 2015: approximately HK$520.4 million) which was contributed mainly by the completion of sale of a remaining unit in "726 Nathan Road".

The Group launched the presale of two projects in Ma On Shan in Sha Tin, namely "The Met. Blossom" (site at Ma Kam Street) and "The Met. Bliss" (site at Hang Kwong Street) in August and October 2016 respectively, with a total contracted sales of approximately HK$3.8 billion as at the date of this announcement.

For "The Met. Blossom" project, over 98% of the 640 units released have been sold since the start of the pre-sale in August 2016. The satisfactory result was mainly attributable to a successful sale strategy and precise positioning of the project. Selling at close-to-market prices, the project had attracted singles and young couples who were end users as well as investors, accounting for approximately 60% and 40% of the pre-sold units respectively. Construction of the superstructure of this project is undergoing and it is expected that this project will be completed in 2018. The Group owns 60% equity interest in this development and its results and financial position are consolidated into the financial statements of the Group.

"The Met. Bliss" project also received favourable response, over 90% of the 364 units released had been sold since the presale in October 2016. "The Met. Bliss" project offers studios, one-bedroom units and a limited number of two-bedroom units that are rarely supplied in Ma On Shan, targeted to meet the demand for smaller flats in the district. Same as "The Met. Blossom" project, construction of superstructure is also underway. The project is expected to be delivered in 2018. The Group owns 60% equity interest in this development and its results and financial position are consolidated into the financial statements of the Group.

The Group's third residential land piece in Sha Tin district, the site at Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587) has already started foundation works. The site is situated in an area of traditionally prime residential zone neighboring the Sha Tin Heights Road and Lower Shing Mun Road, which is highly favourable for premium residential development. The Group solely owns this development and it is expected the project will be delivered in 2019.

The site at 575-575A Nathan Road, Mong Kok has had its superstructure works begins. The site will be developed into another 19-floor versatile Ginza type commercial complex in the Nathan Road area, following our previous successful "726 Nathan Road" commercial project. Targeted completion date of this development is expected to be in late 2017.

Development works of the site at 13 and 15 Sze Shan Street are still being halted, pending the negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site.

As at 31 October 2016, the Group had a development land portfolio as follows:

Location	**Approximate site Area** (Square feet)	**Intended usage**	**Anticipated year of completion**
575-575A Nathan Road, Mongkok	2,100	Commercial	2017
Hang Kwong Street, Ma On Shan ("The Met. Bliss")	33,300	Residential	2018
Ma Kam Street, Ma On Shan ("The Met. Blossom")	33,300	Residential	2018
Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587)	71,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential and Commercial	2020

To support the sustainable development, the Group will continue to acquire development sites with reference to the future market supply and the preference of the potential buyers. The Group has also explored other ways of collaboration with external parties for development opportunities. The Group will also dedicate further resources in its brand building for its property development business.

Property Investment

During the reporting period, the Group received gross rental income of approximately HK$18.7 million (six months ended 30 September 2015: approximately HK$22.8 million), representing a decrease of approximately HK$4.1 million or 18.0% below the corresponding period last year. The decrease in gross rental income was primarily attributable to the disposal of a number of properties during the year ended 31 March 2016, as well as during the reporting period.

As at 30 September 2016, the Group's portfolio of investment properties comprised of commercial, industrial and residential units located in Hong Kong with a total carrying value of approximately HK$1,044.3 million (31 March 2016: approximately HK$795.3 million).

During the reporting period, the Group disposed of various investment properties with a total consideration of approximately HK$11.2 million. The management of the Group is of the view that such disposals would benefit the Group by immediately realising the potential of these long term investments at a favourable market rates and strengthening the liquidity and overall financial position of the Group.

Last year in November 2015, the Group acquired a number of car parking spaces in Shatin Centre at a consideration of HK$96.8 million, with a view for trading gain. Some of which had been sold during the year ended 31 March 2016. During the reporting period, the remaining car parking spaces were all contracted for sale and three of which had been completed.

Subsequent to the end of the reporting period, the Group entered into (i) a provisional sale and purchase agreement on 4 November 2016 to acquire a shop at No. 166, Sai Yeung Choi Street South, Mong Kok, Kowloon at a consideration of HK$83.3 million, completion of which will take place on 30 December 2016; and (ii) a sale and purchase agreement on 7 November 2016 mainly to acquire an office premises at 30th floor of United Centre, No. 95 Queensway Road, Hong Kong at a consideration of approximately HK$512.2 million, completion of which will take place on 25 January 2017.

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

Management and Sub-licensing of Chinese Wet Markets

For the six months ended 30 September 2016, revenue recorded for this segment amounted to approximately HK$96.9 million (six months ended 30 September 2015: approximately HK$85.2 million), representing an increase of approximately HK$11.7 million or 13.7% over the corresponding period last year. The rise in revenue was mainly attributable to the commencement of new rentals following the completed renovation of two wet markets, namely Lei Tung Estate in Ap Lei Chau and Shui Chuen O Estate in Sha Tin, and one new wet market at Lee On Estate was an operating market licensed from the landlord.

During the reporting period, the Group managed substantially a portfolio of approximately 805 stalls in "Allmart" brand of Chinese wet markets in Hong Kong with a total gross floor area of over 246,000 square feet. To cope with competition from other shopping means and meet increasing customers' expectation for convenient and comfortable shopping experience, the Group had continued its enhancement works in its managed Chinese wet markets as well as upgrading its management and improvement of the general environment. The Group had expanded its marketing and promotion budget to promote patronage. The Group had also devised various cost saving and efficiency enhancement exercises to increase profitability.

In Mainland China, the Group is actively studying proposals for enhancing the management and operation of its 17 Chinese wet markets operating under the "Huimin" brand in various districts of Shenzhen, Guangdong Province. It currently includes a portfolio of approximately 1,000 stalls with a total gross floor area of over 283,000 square feet. The Group is also proactively exploring other opportunities in this segment in other regions of Mainland China. The Group regards operation of Chinese wet Markets as a stable and strong income base of the Group.

Provision of Finance

This line of business had provided the Group the opportunities to better utilise its excess financial resources and earn a relatively higher return compared with deposits and securities investments. During the reporting period, the Group had extended further credit facilities to individuals and other corporations. Revenue generated from this segment amounted to approximately HK$44.1 million (six months ended 30 September 2015: approximately HK$30.7 million). Given the continued tightening of mortgage lending policy in Hong Kong, the Group expects this line of business will have further room for development.

Investment in WYTH and the Pharmaceutical and Health Food Products Related Business

For the six months ended 30 September 2016, WYTH Group recorded a turnover of approximately HK$350.9 million (six months ended 30 September 2015: approximately HK$376.8 million) and loss attributable to equity holders of approximately HK$38.3 million (six months ended 30 September 2015: profit attributable to equity holders of approximately HK$67.7 million). Such a decline in results performance was mainly attributable to, among other things, the loss in fair value of equity investments at fair value through profit or loss (net), the share of losses in associates and the fair value losses on investment properties, which were offset by the effect that a loss on deemed partial disposal of equity interests in an associate was accounted for in the last period whereas there was no such loss in the current period and a gain on disposal of a property was realised in the current period.

As mentioned, WYTH became a subsidiary of the Group on 29 September 2016, following the WYTH Rights Issue completed on the same date. The acquisition of additional equity interest in WYTH by the Company through the WYTH Rights Issue had generated a gain on bargain purchase of approximately HK$1,062.1 million and loss on remeasurement of pre-existing interest in WYTH to acquisition date fair value amount to approximately HK$550.4 million (six months ended 30 September 2015: Nil). Prior to becoming a subsidiary of the Group, WYTH was an associate of the Group and the Group's share of loss of WYTH Group within the reporting period was approximately HK$8.4 million (six months ended 30 September 2015: share of profit of approximately HK$40.1 million including a gain on bargain purchase of approximately HK$26.3 million).

A number of economic and political factors continue to shadow the general retail market in Hong Kong. There has also been a shift of spending focus and pattern of the Mainland China visitors in Hong Kong. Further, the recent and apparently sustained depreciation of Renminbi against Hong Kong Dollar has also served to suppress consumption sentiment of Mainland visitors. Given the tough market environment, the Group will strive to maintain its competitive edge by further expanding its product range, broadening its customer base, enhancing quality control, as well as strengthening marketing and promotional activities.

The new production plant in Yuen Long Industrial Estate is constructed with the state-of-the-art technology which intends to manufacture both Western and Chinese traditional medicines. Trial production is underway and it should due for normal operation by early 2017. By then the Group's production and research and development capacity will be enhanced, it will provide greater flexibility to accommodate different market demands and manufacture diverse pharmaceutical and health food products to cater for various market segments.

The Group has also acquired a factory building in Nanbu Village, Pingshan Town, Shenzhen, Guangdong Province of Mainland China, with an aim to expand manufacturing capacity and further strengthen the business in Mainland China. The acquisition is expected to complete by end of 2016. Details of this acquisition were set out in the announcements of WYTH dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016, 27 April 2016 and 27 July 2016 respectively.

Loan Facility Granted to China Agri-Products Exchange Limited ("CAP")

On 4 October 2014, the Group entered into a subscription agreement with CAP, pursuant to which the Group had subscribed up to a maximum principal amount of HK$200.0 million two-year 8.5% coupon interest bonds and HK$1,050.0 million five-year 10.0% coupon interest bonds to be issued by CAP (collectively "**CAP Bonds**"). As at 30 September 2016, the fair value of the CAP Bonds held by the Group amounted to approximately HK$1,249.7 million (31 March 2016: approximately HK$503.5 million). This was comprised of principal amount of HK$200.0 million two-year 8.5% coupon interest bonds and HK$1,050.0 million five-year 10.0% coupon interest bonds.

Subsequent to the end of the reporting period, on 24 October 2016, CAP had redeemed HK$200.0 million two-year 8.5% coupon interest bonds.

Besides, as at 30 September 2016, CAP was indebted to the Group in the principal amount of HK$70.0 million (31 March 2016: approximately HK$70.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group's total assets less current liabilities were approximately HK$9,570.6 million (31 March 2016: approximately HK$6,199.7 million) and the current ratio increased from approximately 6.0 times as at 31 March 2016 to approximately 7.2 times as at 30 September 2016.

As at 30 September 2016, the Group had cash resources and short-term investments of approximately HK$2,225.0 million (31 March 2016: approximately HK$1,631.0 million). Aggregate borrowings as at 30 September 2016 amounted to approximately HK$3,306.5 million (31 March 2016: approximately HK$2,208.8 million) and bear a floating interest rate. The gearing ratio was approximately 31.1% (31 March 2016: approximately 20.2%), calculated by reference to the Group's total bank and other borrowings net of cash and cash equivalents and the equity attributable to owners of the parent.

As at 30 September 2016, the Group's land and buildings, investment properties (including assets held for sale) and properties under development with carrying value of approximately HK$547.1 million, HK$941.8 million and HK$3,094.3 million (31 March 2016: approximately HK$60.1 million, HK$654.0 million and HK$2,910.5 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2016 amounted to approximately HK$1,264.4 million (31 March 2016: approximately HK$127.5 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2016, interest-bearing debt profile of the Group was analysed as follows:

	Outstanding Amount *HK$ million*	**Approximate annual effective interest rate**	**Maturity date**
Financial Institution borrowings	3,050.5	HIBOR+1.68%	Ranging from December 2016 to June 2026
Non-Financial Institution borrowings	256.0	6.0%	2018
Total	**3,306.5**		

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

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. As at 30 September 2016, the Group held limited amount of foreign currency deposits, while all bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Hong Kong dollar, matches the currency requirements of the Group's operating expenses. Therefore, the Group does not engage in any hedging activities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 967 (31 March 2016: 198) employees, of whom approximately 80.7% (31 March 2016: 98.0%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. The Group had a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually or biannually. Other forms of benefits such as medical and retirement benefits and structured training programs are also provided.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the subsidiaries of the Company as well as the subscription of the rights shares of WYTH as mentioned above, there was no significant investments held, nor was there any material acquisitions or disposals of subsidiaries during the period under review. During such period, the Board has not yet authorised any plan for other material investments or additions of capital assets.

PROSPECTS

Recently, the Hong Kong Government has raised the ad valorem stamp duty again for property transaction, the second time in three years to curb soaring property prices. From 5 November 2016 onwards, stamp duty on residential property transactions will be increased to a flat rate of 15%, except for transaction of Hong Kong permanent resident who does not own any other residential property at time of acquisition. In fact, Hong Kong's property prices has gradually picked up again the upward trend early this year, especially that of the smaller sized residential units. Various newly launched residential projects had received overwhelming responses and the offered prices were escalating. This was also evidenced in the presales of the Group's "The Met. Blossom" and "The Met. Bliss". It shows that demand, especially from first-time buyers, for properties remains very strong.

While the key issue of Hong Kong property market remains to be sufficiency of land supply, the Hong Kong Government has committed to increase supply of land in a sustainable manner. As more and more projects will be completed and launched soon, supply of residential properties should gain full momentum in the coming years. These should generate a stabilising effect in the property market and moderate the impact of further price hikes. On the other hand, coupled with the Government's long-term strategic plan to develop new living and business districts in Hong Kong in an attempt to build up a greater metropolitan area, the Group expects population of Hong Kong will increase further and this should generate further inelastic demand for residential properties. The Group therefore is keeping an optimistic view about the property market. Given that in recent years, there has been more and more property developers joining the arena for tender of Government land, it has increased competition among developers to acquire development land reserve, the Group will devote further resources and effort in the tender and search of land for development, and will also look for collaboration opportunities. The Group will also strive to maintain its quality and efficiency and invest further resources in brand building for its residential and commercial lines of projects. Further, the Group will continue to look for potential investment properties for recurring income and capital appreciation. The Group is confident about WOP's prospects in the near future.

WYTH's becoming subsidiary of the Group during the reporting period marks another milestone of the Group. Taking into account WYTH Group's business track record and financial position, as well as the continued trend of awareness and concern about personal health, the Group is optimistic about the future growth and development of WYTH Group. The solid foundation, recognised brand value of WYTH Group as well as the addition of new production facilities, should provide the support for further expansion. The Group considers and believes taking up of a controlling stake in WYTH an opportunity to participate in additional future returns of WYTH.

Apart from property related and pharmaceutical and health care businesses, the operation of Chinese wet market and provision of finance will continue to serve as reliable recurring income sources of the Group. However, to sustain further growth, the Group is actively exploring various forms of strategic business opportunities, and will develop or invest in new businesses whenever it generates attractive return to the Group and its shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2016.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2016 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the websites of HKExnews *(www.hkexnews.hk)* and the Company *(www.wangon.com)*. The 2016 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 23 November 2016

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

* *For identification purpose only*