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WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

FY2017 Interim Financial Highlights

	FY2017	FY2016	YoY change
Revenue *(HK$' million)*	603	208	+190.5%
Gross profit *(HK$' million)*	262	94	+178.7%
Net profit attributable to shareholders *(HK$' million)*	688	454	+51.5%
EPS *(HK cents)*			
– Basic	3.65	2.35	+55.3%
– Diluted	3.65	2.35	+55.3%
Dividend per share *(HK cents)*			
– Interim	0.1	0.1	–

	As at 30 September 2017	As at 31 March 2017	
Total net asset value *(HK$' million)*	7,202	6,426	+12.1%
NAV per share *(HK$)*	0.37	0.33	+12.1%
Cash and cash equivalents *(HK$' million)*	2,008	2,369	-15.2%

* *For identification purpose only*

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 2017, together with the comparative figures for the corresponding period in 2016. 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 2017

		Six months ended 30 September	
		2017	2016
	Notes	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*
REVENUE	*3*	**603,049**	207,562
Cost of sales		**(340,755)**	(113,231)
Gross profit		**262,294**	94,331
Other income and gains, net	*4*	**945,139**	1,093,596
Selling and distribution expenses		**(127,891)**	(37,215)
Administrative expenses		**(181,776)**	(83,328)
Other expenses		**(2,749)**	(553,202)
Finance costs	*5*	**(45,520)**	(7,055)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		**4,755**	(106,270)
Fair value gains on investment properties, net		**63,028**	8,321
Reversal of write-down of properties under development		**–**	44,411
Share of profits and losses of:			
Joint ventures		**2,736**	5,724
Associates		**(28,997)**	(8,447)
PROFIT BEFORE TAX	*6*	**891,019**	450,866
Income tax expenses	*7*	**(6,506)**	(2,984)
PROFIT FOR THE PERIOD		**884,513**	447,882

	Note	Six months ended 30 September 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(3,999)**	24,826
Release of investments revaluation reserve to profit or loss upon disposal of available-for-sale investments		**1,307**	–
		(2,692)	24,826
Exchange differences on translation of foreign operations		**5,469**	558
Other reserves:			
Release of other reserves for the Step Acquisition of Wai Yuen Tong Medicine Holdings Limited ("**WYTH**")		**–**	11,870
Share of other comprehensive income/(loss) of joint ventures		**3,680**	(2,762)
Share of other comprehensive income of associates		**5,973**	6,628
		9,653	15,736
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**12,430**	41,120
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**896,943**	489,002
Profit attributable to:			
Owners of the parent		**688,300**	454,238
Non-controlling interests		**196,213**	(6,356)
		884,513	447,882
Total comprehensive income attributable to:			
Owners of the parent		**697,279**	495,358
Non-controlling interests		**199,664**	(6,356)
		896,943	489,002
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK3.65 cents**	HK2.35 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2017

	Note	**30 September 2017 (Unaudited)** ***HK$'000***	31 March 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,287,258**	1,285,661
Investment properties		**1,814,000**	1,473,300
Properties under development		**33,157**	415,004
Trademarks		**68,991**	68,991
Interest in joint ventures		**813,327**	91,338
Interest in associates		**72,094**	95,118
Available-for-sale investments		**1,164,612**	1,134,828
Financial assets at fair value through profit or loss		**23,655**	14,424
Loans and interest receivables		**310,127**	80,594
Deposits and other receivables		**23,595**	42,708
Deferred tax assets		**27,470**	25,384
Total non-current assets		**5,638,286**	4,727,350
CURRENT ASSETS			
Properties under development		**3,704,605**	3,103,588
Available-for-sale investments		**48,633**	35,879
Inventories		**196,483**	190,658
Trade receivables	*10*	**110,901**	91,764
Loans and interest receivables		**610,226**	554,921
Prepayments, deposits and other receivables		**1,348,815**	2,008,506
Financial assets at fair value through profit or loss		**299,926**	340,272
Tax recoverable		**5,749**	6,638
Cash and cash equivalents		**2,007,595**	2,369,308
		8,332,933	8,701,534
Assets classified as held for sale		**2,808,843**	196,150
Total current assets		**11,141,776**	8,897,684

	Note	30 September 2017 (Unaudited) HK$'000	31 March 2017 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	11	**248,109**	124,289
Other payables and accruals		**111,124**	120,369
Deposits received and receipts in advance		**3,549,053**	2,797,159
Interest-bearing bank and other loans		**771,575**	792,793
Provisions for onerous contracts		**4,080**	4,080
Tax payable		**26,585**	19,280
		4,710,526	3,857,970
Liabilities directly associated with the assets classified as held for sale		**1,431,692**	4,049
Total current liabilities		**6,142,218**	3,862,019
NET CURRENT ASSETS		**4,999,558**	5,035,665
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,637,844**	9,763,015
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans		**3,388,207**	3,288,481
Deferred tax liabilities		**48,016**	48,276
Total non-current liabilities		**3,436,223**	3,336,757
Net assets		**7,201,621**	6,426,258
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**192,885**	192,885
Reserves		**5,122,583**	4,420,095
		5,315,468	4,612,980
Non-controlling interests		**1,886,153**	1,813,278
Total equity		**7,201,621**	6,426,258

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 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 2017.

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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, 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 amendments to HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Annual Improvements 2014-2016 Cycle	Amendments in relation to HKFRS 12 – *Disclosure of Interest in Other Entities*

The adoption of these revised HKFRSs has had no significant financial effect on 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 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 pharmaceutical segment engages in production and sale of pharmaceutical and health food products; and

(e) the treasury management segment engages in provision of finance and investments in debt and other securities which earn interest income.

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 profits and losses of joint ventures and associates are excluded from such measurement.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Chinese wet markets		Pharmaceutical		Treasury management		Elimination		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**2,133**	47,822	**15,811**	18,727	**110,137**	96,939	**370,285**	–	**104,683**	44,074	**–**	–	**603,049**	207,562
Intersegment sales	**–**	–	**8,766**	–	**–**	–	**5,806**	–	**–**	–	**(14,572)**	–	**–**	–
Other revenue	**927,071**	3,327	**61,104**	8,088	**10,434**	6,485	**38**	–	**569**	2,650	**–**	–	**999,216**	20,550
Total	**929,204**	51,149	**85,681**	26,815	**120,571**	103,424	**376,129**	–	**105,252**	46,724	**(14,572)**	–	**1,602,265**	228,112
Segment results	**896,207**	10,843	**54,557**	16,796	**21,222**	8,490	**(55,162)**	–	**99,236**	41,681	**–**	–	**1,016,060**	77,810
Reconciliation:														
Bank interest income													**6,043**	1,818
Finance costs													**(45,520)**	(7,055)
Fair value gains/(losses) of financial assets through profit or loss, net													**4,755**	(106,270)
Corporate and unallocated income/ (expenses), net													**(64,058)**	487,286
Share of profits and losses of:														
Joint ventures													**2,736**	5,724
Associates													**(28,997)**	(8,447)
Profit before tax													**891,019**	450,866
Income tax expense													**(6,506)**	(2,984)
Profit for the period													**884,513**	447,882

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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income, net		
Bank interest income	**6,043**	1,818
Dividend income from listed securities	**2,090**	937
Forfeiture of deposits from customers	**536**	2,491
Management fee income	**2,132**	–
Others	**11,864**	9,248
	22,665	14,494
Gains, net		
Gains on disposal of subsidiaries, net	**455,435**	17,042
Gain on remeasurement of 50% equity interest retained in Wonder Sign Group as a joint venture	**467,039**	–
Gain on bargain purchase	**–**	1,062,060
	922,474	1,079,102
Other income and gains, net	**945,139**	1,093,596

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other loans	**67,437**	31,887
Less: interest capitalised	**(21,917)**	(24,832)
	45,520	7,055

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**84,872**	85,552
Cost of properties sold	**–**	25,237
Cost of inventories sold	**252,973**	–
Depreciation	**39,564**	4,511
Loss/(gain) on disposal of investment properties, net	**(474)**	537*
Loss on disposals of available-for-sale investments*	**629**	–
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 receivable*	**2,120**	–
Foreign exchange differences, net	**(391)**	29
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,910**	2,442

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

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**8,398**	6,439
Deferred	**(1,892)**	(3,455)
Total tax charge for the period	**6,506**	2,984

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 2017 is based on the profit for the period attributable to ordinary equity holders of the parent of HK$688,300,000 (six month ended 30 September 2016: HK$454,238,000), and the weighted average number of ordinary shares less treasury shares held by the Group of 18,865,520,047 (six months ended 30 September 2016: 19,288,520,047) in issue during the six months ended 30 September 2017.

The Company had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2017 and 2016 and the share options of the Company's subsidiary outstanding during the period had no dilutive effect on the basic earnings per share amount presented for the current period.

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

	Six months ended 30 September	
	2017	2016
	(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	**688,300**	454,238

	Number of shares	
	2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less treasury shares held by the Group during the period, used in basic and diluted earnings per share calculation	**18,865,520,047**	19,288,520,047

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend – HK0.1 cent (2016: HK0.1 cent) per ordinary share	**19,289**	19,289

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 2017 (Unaudited)	31 March 2017 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**55,880**	38,298
1 to 3 months	**35,271**	30,288
3 to 6 months	**17,553**	20,375
Over 6 months	**7,158**	5,644
	115,862	94,605
Less: impairment	**(4,961)**	(2,841)
	110,901	91,764

The credit period generally ranges from 15 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. 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 2017 (Unaudited)	31 March 2017 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**197,429**	85,747
1 to 3 months	**44,946**	23,422
3 to 6 months	**5,734**	15,120
	248,109	124,289

The trade payables are non-interest-bearing and have an average terms of 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2016: HK0.1 cent) per ordinary share for the six months ended 30 September 2017. The interim dividend will be payable on or around Wednesday, 10 January 2018 to those shareholders whose names appear on the register of members of the Company on Thursday, 28 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 December 2017 to Thursday, 28 December 2017, 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 Wednesday, 20 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group got on to a good start in first half of 2017/18, during which we have seen considerable progress across each of our business segments and positioned us to widen our growth horizons. The highlight of first half of this year was the setup of our first investment fund, Wang On Multi-Strategy Fund, which will focus on the investment in the bond market. Taking together with the spin-off of Wang On Properties Limited ("**WOP**", together with its subsidiaries, collectively the "**WOP Group**"), the increase of equity interest in WYTH, together with its subsidiaries (the "**WYTH Group**") to take the controlling stake in September 2016, and the continuous growth of wet-market business, the potential of the Group becomes clearer and we take steps forward to become a large investment group with focus on five pillars of core business segments, namely treasury management; property development; property investment; pharmaceutical and health food products; and management and sub-licensing of Chinese wet markets. In August 2017, our shareholding in WYTH was further increased to 56.54% from 51.32% as at 31 March 2017 to reinforce our belief in WYTH's prospects. In May 2017, the WOP Group has acquired a site at Yiu Sha Road, Whitehead, Ma On Shan ("**Sha Tin Town Lot No. 601**") for HK$1,469.9 million, which is planned for the development of a premium residential project. In July 2017, the WOP Group has completed a transaction with CIFI Holdings (Group) Co. Ltd. ("**CIFI Holdings**"), under which WOP Group received a consideration of HK$713.7 million for disposal of 50% shareholding in the property development project in Sze Shan Street, Yau Tong, Kowloon. We continue to execute strategy to create significant value for our shareholders with balanced investments with tight control of the Group's profit and cash position.

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2017 increased for approximately 190.5% to approximately HK$603.0 million (six months ended 30 September 2016: approximately HK$207.6 million), driven mainly by consolidating WYTH's sales, whereas they are accounted for on an equity accounting basis in prior period. Profit attributable to owners of the parent increased to approximately HK$688.3 million (six months ended 30 September 2016: approximately HK$454.2 million) reflecting the earnings on disposal of 50% interest of a residential property development project in Sze Shan Street, Yau Tong, Kowloon.

Property Development

Revenue recognised in this business segment during the reporting period amounted to approximately HK$2.1 million (six months ended 30 September 2016: approximately HK$47.8 million).

The Group has launched the pre-sales of two development projects in Ma On Shan, the Met. Blossom (Ma Kam Street, Ma On Shan) and the Met. Bliss (Hang Kwong Street, Ma on Shan) in August and October 2016, respectively. The total contracted pre-sales (which will be recognised as revenue of the Group upon completion and delivery of respective projects) amounted to approximately HK$4.0 billion as at the date of this announcement.

These two projects are positioned as trendy hotel-style residence, targeting young residents pursuing high quality, healthy and convenient lifestyle. They are now in the final stage of construction and expected to be completed and ready for occupation in 2018.

For the Met. Blossom project, approximately 99% of the units released were sold and the contracted pre-sales amounted to approximately HK$2.5 billion. As at the date of this announcement, over 70% of the pre-sold unites were fully paid.

For the Met. Bliss project, all of the 364 units released were sold and the contracted pre-sales amounted to approximately HK$1.5 billion. As at the date of this announcement, over 70% of the pre-sold unites were fully paid.

For the Met. Acappella, the Group's recent third residential project in Sha Tin district, the site at Tai Po Road – Tai Wan Section (Sha Tin Town Lot No. 587), the pre-sale consent has been obtained in mid-October and is launching for pre-sale. The Met. Acappella is a residential building consisting of two wings of 12 and 13-storeys, respectively, offering around 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with store room or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of neighbouring areas, enabling residents to breathe fresh air and to enjoy breathtaking green views in this bustling city. With the excellent and convenient transport network, the Met. Acappella also allows residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle.

The site at 575-575A Nathan Road, Mongkok has completed the foundation works and is undergoing the construction of superstructure. The site will be developed into another 19-floor Ginza type commercial complex and is expected to be completed by end of 2017.

The WOP Group has reached a consensus with the Hong Kong SAR Government's Lands Department for land premium on development site at Nos. 13 and 15 Sze Shan Street in June 2017. The premium payment is approximately HK$983.0 million. On 7 June 2017, the WOP Group entered into a sale and purchase agreement with a subsidiary of CIFI Holdings in relation to the sales of 50% interest in residential development project at Nos. 13 and 15, Sze Shan Street, Yau Tong. This breakthrough partnership does not only immediately unlock our cash investment, but also allows the project to access broader resource to fund the development costs. The construction work is resumed and foundation is undergoing.

On 19 May 2017, the Group has successfully acquired a company holding the site at Sha Tin Town Lot No. 601. The site will be developed as a residential project with site area of approximately 253,000 square feet and estimated gross floor area of approximately 387,500 square feet.

On 8 September 2017, the Group has entered into an agreement to dispose of 60% shareholdings in a subsidiary holding of Sha Tin Town Lot No. 601 at a consideration of approximately HK$2,441.3 million. Details of the transaction were set out in the circular of the Company dated 12 October 2017.

As at 31 October 2017, the Group had a development land portfolio as follows:

Location	**Approximate site area (square feet)**	**Approximate gross floor area (square feet)**	**Intended usage**	**Anticipated year of completion**
575-575A Nathan Road, Mongkok	2,100	25,000	Commercial	2017
Hang Kwong Street, Ma On Shan ("**The Met. Bliss**")	33,300	115,000	Residential	2018
Ma Kam Street, Ma On Shan ("**The Met. Blossom**")	33,300	200,000	Residential	2018
Tai Po Road – Tai Wai section ("**The Met. Acappella**")	71,000	148,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020

To achieve sustainable operation of the Group in the long run, the Group has actively participated in the tender for land reserve. In facing the fierce competition from the People's Republic of China (the "**PRC**") property developers, the Group has also explored other ways of collaboration with external parties for development opportunities. The Group will dedicate further resources in the areas of property development focusing on residential and commercial projects.

Property Investment

During the reporting period, the Group received gross rental income of approximately HK$15.8 million (six months ended 30 September 2016: approximately HK$18.7 million), representing a decrease of approximately HK$2.9 million or 15.5% 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 reporting period.

As at 30 September 2017, 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$1,970.2 million (31 March 2017: approximately HK$1,668.8 million).

During the reporting period, the Group sold various second-hand residential properties with a total consideration of approximately HK$49.4 million. As at 30 September 2017, the Group held 29 second-hand residential properties of approximately HK$156.2 million (31 March 2017: 39 second-hand residential properties of approximately HK$195.5 million) previously acquired from the market. As previously disclosed by WOP in respect of the spin-off exercise, the Group undertook that it will not engage in any business activities that compete with those of WOP, the Group will actively pursue the disposal of second-hand residential properties in the coming financial years. As at the date of this announcement, the Group had disposed of one out of the above mentioned 29 units of the second-hand residential properties.

As with before, the Group will continuously review its investment properties 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 2017, revenue recorded for this segment amounted to approximately HK$110.1 million (six months ended 30 September 2016: approximately HK$96.9 million), representing an increase of approximately HK$13.2 million or 13.6% 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 Lee On Estate in Ma On Shan and Tin Chak Estate in Tin Shui Wai. They have been reconfigured to offer a more comfortable and casualness shopping experience. The low stall design makes our revamped wet markets to become permeable and spacious, allowing shoppers to locate their favourite stalls at a glance. On 1 October 2017, we entered into an agreement with Hong Kong Housing Authority relating to management, operation, and sub-licensing of a wet market in Tin Yan Estate, Tin Shui Wai.

During the reporting period, the Group managed substantially a portfolio of approximately 900 stalls in "Allmart" brand of Chinese wet markets in Hong Kong with a total gross floor area of over 225,000 square feet. To cope with competition from other shopping means and meet increasing customers' expectation, the Group always strives to offer more comfortable and spacious shopping environment through well-designed layout enhancement works and the provision of high quality management services. The Group will continue to expand its marketing and promotion events to promote patronage. The Group has also devised various cost saving and efficiency enhancement exercises to increase its 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.

Treasury Management

The Group maintains a robust financial position. Liquid investment amounted to approximately HK$1,536.8 million at 30 September 2017, an increase of approximately 0.7% from the balance of approximately HK$1,525.4 million at 31 March 2017, mainly reflecting the cash arising from funds from operations and disposal of certain properties and subsidiaries. The liquid investments represented approximately 78.9% of the debt securities, approximately 20.4% of listed equity securities and approximately 0.7% of fund investment.

In April 2017, Wang On Multi-Strategy Fund was established under the laws of the Cayman Islands. It is registered as a mutual fund under section 4(3) of the Mutual Funds Law and is therefore regulated under that law. It has been structured as an open-ended investment funds with the aim of producing capital gains and investment income by investing in listed and unlisted securities.

This segment of business provides the Group with opportunities to utilise its financial resources as well as diversify its business segments. The segment contributed approximately HK$104.7 million (six months ended 30 September 2016: approximately HK$44.1 million) to the Group, and the review of major investments of the Group is set out below.

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

Pursuant to a subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014), the Group had subscribed up to a maximum principal amount of HK$1,050.0 million five-year 10.0% coupon interest bonds issued by CAP (the "**CAP Bonds**"). As at 30 September 2017, the fair value and principal amount of the CAP Bonds held by the Group amounted to approximately HK$1,037.6 million and HK$1,050.0 million (31 March 2017: approximately HK$1,041.0 million and HK$1,050.0 million) respectively.

Besides, as at 30 September 2017, CAP was indebted to the Group in the principal amount of HK$100.0 million (31 March 2017: approximately HK$70.0 million) pursuant to the loan agreement dated 17 August 2015.

2) Loan Facility Granted to Easy One Financial Group Limited ("EOF")

As at 30 September 2017, EOF was indebted to the Group in the principal amount of HK$274.0 million (31 March 2017: HK$80.0 million) pursuant to the loan agreements entered into between the Group and EOF. Subsequent to the end of the reporting period and as at the date of this announcement, HK$74 million was repaid by EOF.

Pharmaceutical and Health Food Products Related Business

For the six months ended 30 September 2017, WYTH Group recorded a turnover of approximately HK$382.6 million (six months ended 30 September 2016: approximately HK$350.9 million) and loss attributable to equity holders of approximately HK$40.5 million (six months ended 30 September 2016: approximately HK$38.3 million). Such a decline in results performance was mainly attributable to, among other things, the share of losses in associate, which were offset by the effect that the fair value gains on investment properties in the current period.

The brand "Wai Yuen Tong" has been taking a leading position in the industry, its product quality is well trusted. The WYTH Group launched its own mobile app in early August to accommodate the consumption pattern of young consumers. The main purpose of the app at this stage is to download discount coupons and the WYTH Group have attracted significant users to give it a trial. Chinese doctor appointment and rapid tongue diagnosis are the two newly added functions, with an aim to attain long term usage of the consumers. The WYTH Group's e-store platform has been a positive way to enhance marketing efficiency, while e-channels continue to record revenue during the period.

During the period, the WYTH Group continued strictly adhering to the comprehensive quality assurance procedures. In the beginning of 2017, the WYTH Group's new factory for Western pharmaceutical and Chinese traditional medicines in Yuen Long Industrial Estate was completed and commenced production in early April 2017. The new facility does not only improve the Group's productivity, but also complements our effort to pursue innovation, meet market demand and trend and expand product variety for our customers.

In addition, the Group expects that the WYTH's factory in Mainland China could obtain Good Manufacturing Practice ("**GMP**") certification from the State Food and Drug Administration by the end of 2017. The main products from the this factory are Chinese medicine crude slices. Upon its commissioning, the production capacity and variety of our Chinese medicinal products could be expanded.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group's total assets less current liabilities were approximately HK$10,637.8 million (31 March 2017: approximately HK$9,763.0 million) and the current ratio decreased from approximately 2.3 times as at 31 March 2017 to approximately 1.8 times as at 30 September 2017.

As at 30 September 2017, the Group had cash resources and short-term investments of approximately HK$2,307.5 million (31 March 2017: approximately HK$2,709.6 million). Aggregate borrowings as at 30 September 2017 amounted to approximately HK$5,577.8 million (31 March 2017: approximately HK$4,081.3 million) and bear a floating interest rate. The gearing ratio was approximately 67.2% (31 March 2017: approximately 37.1%), 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 2017, the Group's land and buildings, investment properties (including the investment properties included in assets held for sale), properties under development (including the properties under development included in assets held for sale), available-for-sales investments and financial assets at fair value through profit or loss with carrying value of approximately HK$532.1 million, HK$1,794.4 million, HK$4,237.6 million, HK$126.6 million and HK$72.8 million (31 March 2017: approximately HK$533.3 million, HK$1,574.7 million, HK$1,756.7 million, nil and nil) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2017 amounted to approximately HK$869.6 million (31 March 2017: approximately HK$2,319.9 million). The Group has given guarantee to a bank in connection with a facility granted to the joint venture of the Group up to HK$992.0 million and the banking facility guarantee by the Group was utilised to the extent of HK$480.5 million 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 2017, interest-bearing debt profile of the Group was analysed as follows:

	Outstanding Amount *HK$'milion*	**Approximate annual effective interest rate**	**Maturity date**
Financial Institution borrowings	5,568.3	HIBOR+1.65%	2017–2025
Non-Financial Institution borrowings	9.4	6%	2018
	5,577.7		

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, inter alia, replenishing our land bank, enhancing 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.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2017, the Group had available-for-sale investment and financial assets at fair value through profit or loss of approximately HK$1,213.2 million and HK$323.6 million, respectively:

	As at 30 September 2017				For the period ended 30 September 2017			Fair value/carrying amount		
	Number of shares held	Amount held	Percentage of shareholding in such stock	Percentage to the Group's net assets	Fair value gain/(loss) of financial assets at fair value through profit or loss	Bond interest income	Dividends received	As at 30 September 2017	As at 31 March 2017	Investment cost
	'000	*HK$'000*	*%*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments										
CAP – 10% 5 year Bonds	–	1,037,559	–	14.4%	–	59,052	–	1,037,559	1,040,976	1,041,750
Others	–	175,686	–	2.4%	–	6,407	–	175,686	129,731	168,524
Subtotal	–	1,213,245	–	16.8%	–	65,459	–	1,213,245	1,170,707	1,210,274
Financial assets at fair value through profit or loss										
A. Listed Investments Kingston Financial Group Limited ("**Kingston**")	31,104	123,794	0.23%	1.7%	45,101	–	778	123,794	78,693	51,816
Town Health International Medical Group Limited ("**Town Health**")	107,500	75,250	1.43%	1.1%	(58,050)	–	301	75,250	133,300	83,323
Others	–	91,516	–	1.3%	4,462	–	1,011	91,516	87,054	110,467
B. Mutual Funds	–	9,366	–	0.1%	4,112	–	–	9,366	41,225	13,372
C. Others	–	23,655	–	0.3%	9,130	–	–	23,655	14,424	9,941
Sub-total	–	323,581	–	4.5%	4,755	–	2,090	323,581	354,696	268,919
Total	–	1,536,826	–	21.3%	4,755	65,459	2,090	1,536,826	1,525,403	1,479,193

The principal activities of the other securities are as follows:

1. **CAP** is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

2. **Kingston** is principally engaged in provision of securities brokerage, underwriting and placements, margin and initial public offering financing, other financial services, hotel ownership and management, food and beverage, casino and securities investment.

3. **Town Health** is principally engaged in business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities.

4. Save as disclosed above, the Group also invested in other shares listed in Hong Kong. The fair value of each of these shares represented less than 1.00% of the net assets of the Group as at 30 September 2017. The principal activities of these companies include mainly operation of casinos; manufacturing of light-emitting diode and lighting products; solar energy; construction, operation and maintenance of power stations; money lending and financial services; fund management; securities trading and investment; property development and investment; operation of hotels and resorts; manufacturing of textile products and accessories; and general trading and provision of various services.

5. Save as disclosed above, the Group also invested in other mutual funds, the fair value of each of these mutual funds represented less than 1.00% of the net assets of the Group as at 30 September 2017, including Opus Mezzanine Fund 1 LP and Success Harvest Fund – Class A Shares.

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure, therefore, the Group does not engage in any hedging activity during the six-month period ended 30 September 2017. As at 30 September 2017, 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 Renminbi and Hong Kong dollars, matches the currency requirements of the Group's operating expenses.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 1,256 (31 March 2017: 1,156) employees, of whom approximately 62.0% (31 March 2017: 64.6%) 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 acquisition of a site at Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601) and the disposal of 50% shareholding in the property development project in Sze Shan Street, Yau Tong, Kowloon as mentioned above, there was no other significant investments acquired, nor was there any other 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

The Hong Kong residential market recorded continuous growth in both property price and number of transactions. The Centa-City Leading Index has increased by approximately 11% during the first three quarters of 2017. Nonetheless, the various uncertainties such as planned scale-back of balance sheet of U.S. Federal Reserve, Brexit negotiations, control measures released by Hong Kong government may impact the development pace.

According to the rental indices issued by Rating and Valuation Department, both the rents and price of retail shops and Grade-A office units are growing from last year. The Group will continue to seek for investments with steady recurrent income and capital appreciation to strengthen the property investment portfolio.

The WYTH Group's new production facilities commence operation in March 2017. By then, it has been transforming to manufacture and distribute our products through this newly established GMP manufacturing base. The WYTH Group Hong Kong operation has maintained stable sales, but we see a sales decline in China operation. The Group has been strategically restructuring our sales and distribution networks to strengthen business growth and reducing overheads to protect our margins. The WYTH Group also undertakes a strategy to scale down loss making operations and focus on the products and business lines with clear growth potential. With well-recognised household brand value, solid foundation, right strategies and new production facilities, the Group is confident that it can build great value to its shareholders.

Apart from property related and pharmaceutical and health care businesses, the operation of Chinese wet market and treasury management will continue to serve as reliable recurring income sources of the Group. In order 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 2017.

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 2017.

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 2017 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of HKExnews at (www.hkexnews.hk) and the Company at (www.wangon.com). The 2017 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, 21 November 2017

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*