



WANG ON GROUP LIMITED

宏安集團有限公司

Incorporated in Bermuda with limited liability
Stock Code: 1222

2017

INTERIM REPORT



MIX
Paper from
responsible sources
FSC™ C127090



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *SBS, JP, Chairman*

Ms. Yau Yuk Yin, *Deputy Chairman*

Mr. Chan Chun Hong, Thomas,
Managing Director

Independent Non-executive Directors

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*

Mr. Wong Chun, Justein, *BBS, MBE, JP*

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Siu Kam Chau

AUDIT COMMITTEE

Mr. Siu Yim Kwan, Sidney, *S.B.St.J., Chairman*

Mr. Wong Chun, Justein, *BBS, MBE, JP*

Mr. Siu Kam Chau

REMUNERATION COMMITTEE

Mr. Wong Chun, Justein, *BBS, MBE, JP,*
Chairman

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP*

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Siu Kam Chau

Mr. Tang Ching Ho, *SBS, JP*

Ms. Yau Yuk Yin

Mr. Chan Chun Hong, Thomas

NOMINATION COMMITTEE

Dr. Lee Peng Fei, Allen, *CBE, BS, FHKIE, JP,*
Chairman

Mr. Wong Chun, Justein, *BBS, MBE, JP*

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*

Mr. Siu Kam Chau

Mr. Tang Ching Ho, *SBS, JP*

Ms. Yau Yuk Yin

Mr. Chan Chun Hong, Thomas

EXECUTIVE COMMITTEE

Mr. Tang Ching Ho, *SBS, JP, Chairman*

Ms. Yau Yuk Yin

Mr. Chan Chun Hong, Thomas

INVESTMENT COMMITTEE

Mr. Tang Ching Ho, *SBS, JP, Chairman*

Mr. Chan Chun Hong, Thomas

Mr. Siu Kam Chau

AUTHORISED REPRESENTATIVES

Mr. Tang Ching Ho, *SBS, JP*

Mr. Chan Chun Hong, Thomas

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

AUDITOR

Ernst & Young

CORPORATE INFORMATION (CONTINUED)

LEGAL ADVISERS

DLA Piper Hong Kong
Gallant

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation
Limited
China Everbright Bank Co., Ltd.
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

BOARD LOT

20,000 shares

INVESTOR RELATIONS

Email: pr@wangan.com

HOMEPAGE

<http://www.wangan.com>

STOCK CODE

1222

INTERIM DIVIDEND

The board of directors (the “**Board**”) of Wang On Group Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) 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 Wai Yuen Tong Medicine Holdings Limited (“**WYTH**”, together with its subsidiaries, collectively 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 50.0% 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 50.0% 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 report.

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 99.0% of the units released were sold and the contracted pre-sales amounted to approximately HK\$2.5 billion. As at the date of this report, over 70.0% of the pre-sold units 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 report, over 70.0% of the pre-sold units were fully paid.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (Continued)

Property Development (Continued)

For the Met. Acappella, the Group's recent third residential project in Sha Tin district, the site at Tai Po Road – Tai Wai 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 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 80.0% 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 redevelopment 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 50.0% 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 60.0% 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (Continued)

Property Development (Continued)

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
Nos. 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.

BUSINESS REVIEW (Continued)

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 report, 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.

BUSINESS REVIEW (Continued)

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.

BUSINESS REVIEW (Continued)

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 report, HK\$74 million was repaid by EOF.

BUSINESS REVIEW (Continued)

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\$'million	Approximate annual effective interest rate	Maturity date
Financial Institution borrowings	5,568.3	HIBOR+1.65%	2017–2025
Non-Financial Institution borrowings	9.4	6.0%	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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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		Investment cost HK\$'000	
	Number of shares held '000	Amount held HK\$'000	Percentage of shareholding in such stock %	Percentage to the Group's net assets %	Fair value gain/(loss) of financial assets through profit or loss HK\$'000	Bond interest income HK\$'000	Dividends received HK\$'000	As at 30		As at 31
								September 2017 HK\$'000		March 2017 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SIGNIFICANT INVESTMENTS HELD (Continued)

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 50.0% 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 11.0% 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.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2017, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

Long positions in the ordinary shares of the Company:

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

DISCLOSURE OF INTERESTS (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Notes:

- (a) Mr. Tang was taken to be interested in those shares in which his spouse, Ms. Yau, was interested.
- (b) Mr. Tang was taken to be interested in those shares in which Caister Limited (“**Caister**”), a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang was taken to be interested in those shares by virtue of being the founder of a discretionary trust, namely Tang’s Family Trust.
- (d) Ms. Yau was taken to be interested in those shares in which her spouse, Mr. Tang, was interested.
- (e) Ms. Yau was taken to be interested in those shares by virtue of being a beneficiary of Tang’s Family Trust.
- (f) The percentage represented the number of shares over the total number of issued shares of the Company as at 30 September 2017 of 19,288,520,047 shares.

Save as disclosed above, as at 30 September 2017, none of the directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations” above, at no time during the period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any director and chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

DISCLOSURE OF INTERESTS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2017, to the best knowledge of the directors of the Company, the following persons had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the ordinary shares of the Company:

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

DISCLOSURE OF INTERESTS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

- (1) Caister, a company wholly owned by Mr. Tang Ching Ho, beneficially owned 4,938,375,306 shares.
- (2) Accord Power is wholly owned by Fiducia Suisse SA in its capacity as the trustee of Tang's Family Trust. Accordingly, Fiducia Suisse SA was taken to be interested in those shares held by Accord Power.
- (3) Fiducia Suisse SA is the trustee of the Tang's Family Trust. Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher Hill, and accordingly, Mr. David Henry Christopher Hill was taken to be interested in those shares in which Fiducia Suisse SA was interested.
- (4) Ms. Rebecca Ann Hill is the spouse of Mr. David Henry Christopher Hill and was therefore taken to be interested in the shares in which Mr. David Henry Christopher Hill was interested.
- (5) The percentages represented the number of shares over the total number of issued shares of the Company as at 30 September 2017 of 19,288,520,047 shares.

Save as disclosed above, as at 30 September 2017, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



SHARE OPTION SCHEMES

SHARE OPTION SCHEME OF THE COMPANY

The Company adopted a new share option scheme (the “**2012 Scheme**”) at the annual general meeting of the Company held on 21 August 2012 for the primary purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The 2012 Scheme became effective on 21 August 2012 and, unless otherwise terminated earlier by shareholders at a general meeting, will remain in force for a period of 10 years from that date.

Under the 2012 Scheme, share options may be granted to any director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants.

During the period under review and as at 30 September 2017, no share option was granted, exercised, lapsed, cancelled or outstanding under the 2012 Scheme.

SHARE OPTION SCHEME OF WOP

WOP adopted a share option scheme (the “**WOP Share Option Scheme**”) by the approval of the shareholders of WOP and the Company at the respective annual general meetings held on 9 August 2016. The WOP Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by its shareholders at a general meeting, will remain in force for a period of 10 years from that date.

Under the WOP Share Option Scheme, share options may be granted to any WOP’s director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the WOP Group or its holding company or any substantial shareholder or any company controlled by a substantial shareholder, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the WOP Group or any of its substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants under the WOP Share Option Scheme.

SHARE OPTION SCHEMES (CONTINUED)

SHARE OPTION SCHEME OF WOP (Continued)

During the period under review and as at 30 September 2017, no share option was granted, lapsed, cancelled or outstanding under the WOP Share Option Scheme.

SHARE OPTION SCHEME OF WYTH

At the annual general meeting held on 22 August 2013, WYTH adopted a new share option scheme (the “**WYTH 2013 Scheme**”) and terminated the share option scheme previously adopted on 18 September 2003 (the “**WYTH 2003 Scheme**”). Upon termination of the WYTH 2003 Scheme, no share options was granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable during the prescribed exercisable period in accordance with the terms of the WYTH 2003 Scheme.

Under the WYTH 2013 Scheme, share options may be granted to any WYTH’s director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the WYTH Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the WYTH Group or any of its substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants under the WYTH 2013 Scheme. The WYTH 2013 Scheme became effective on 22 August 2013 and, unless otherwise terminated earlier by its shareholders at a general meeting, will remain in force for a period of 10 years from that date.

SHARE OPTION SCHEMES (CONTINUED)

SHARE OPTION SCHEME OF WYTH (Continued)

The movement in the share options under the WYTH 2003 Scheme during the period under review was as follows:

Name or category of participant	Number of share options				Outstanding as at 30 September 2017	Date of grant	Exercise price per share HK\$	Exercisable period (Note)
	Outstanding as at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period				
WYTH's executive director								
Ms. Tang Mui Fun	4,554	-	-	-	4,554	8.1.2009	20.6927	8.1.2010-7.1.2019
	4,554	-	-	-	4,554			
Other employees								
In aggregate	16,677	-	-	(1,401)	15,276	8.1.2009	20.6927	8.1.2010-7.1.2019
	26,346	-	-	(7,006)	19,340	12.5.2010	7.4197	12.5.2011-11.5.2020
	43,023	-	-	(8,407)	34,616			
	47,577	-	-	(8,407)	39,170			

Note: The share options granted under the WYTH 2003 Scheme were vested as follows:

On the 1st anniversary of the date of grant:	30% vested
On the 2nd anniversary of the date of grant:	Further 30% vested
On the 3rd anniversary of the date of grant:	Remaining 40% vested

Save as disclosed above, during the period under review, no share option was granted, exercised or cancelled under the WYTH 2003 Scheme and the WYTH 2013 Scheme and an aggregate of 8,407 WYTH's share options lapsed under the WYTH 2003 Scheme. As at 30 September 2017, WYTH had 39,170 share options outstanding under the WYTH 2003 Scheme and no share options outstanding under the WYTH 2013 Scheme. The exercise in full of the share options of WYTH would, under its present capital structure, result in the issue of 39,170 additional WYTH's ordinary shares and additional share capital of approximately HK\$391.7 and share premium of approximately HK\$553,441.5 (before issue expenses) in WYTH.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

UPDATE ON DIRECTORS' INFORMATION

It was resolved by the remuneration committee of the Company and the Board on 21 June 2017, the Company entered into a new service agreement with Ms. Yau Yuk Yin on 21 June 2017 for the amendment of her basic monthly salary from HK\$303,800 to HK\$358,000 with effect from 1 July 2017 which is subject to yearly review, and she is also entitled to a yearly performance bonus on the basis of 1.5% of the audited consolidated net profit after taxation of the Group commencing from the financial year ended 31 March 2018.

Save as disclosed herein, during the period under review, there is no other change in information of directors of the Company since the publication of the 2017 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

During the period and up to the date of this report, the Group, through its subsidiaries, had advanced the following financial assistance:

- (a) pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014) and the bond transfer agreement dated 5 July 2016 (as supplemented on 8 July 2016), Double Leads Investments Limited ("**Double Leads**"), an indirectly wholly-owned subsidiary of the Company, and Winning Rich Investments Limited ("**Winning Rich**"), an indirectly wholly-owned subsidiary of WYTH, subscribed or acquired for up to an aggregate principal amount of HK\$1,050.0 million five-year 10.0% coupon CAP Bonds due in November 2019 issued by CAP;

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES (Continued)

- (b) on 17 August 2015, Double Leads, as the lender, and CAP, as the borrower, entered into a loan agreement, under which Double Leads agreed to make available to CAP an unsecured revolving credit facility in a sum of HK\$100.0 million for a term of 36 months at an interest rate of 12.0% per annum (the “**CAP Loan**”). As at 30 September 2017 and up to the date of this report, HK\$100.0 million had been drawn down;
- (c) on 29 May 2017, 15 September 2017 and 18 October 2017, each of Double Leads and Winning Rich entered into various extension agreements with CAP to further extend the payment dates for interests accrued on the CAP Bonds from 29 May 2017 to 31 August 2017, 30 November 2017 and 31 January 2018 in an aggregate outstanding interest amount of HK\$12,992,540 and HK\$91,949,705 (collectively, the “**Outstanding Bond Interests**”), respectively at an interest rate of 12.0% per annum on the Outstanding Bond Interests for such extension periods; and
- (d) on 25 August 2017 and 18 October 2017, Double Leads entered into extension agreements with CAP to further extend the payment dates for both interests accrued on the CAP Loan for HK\$6.0 million from 25 August 2017 and HK\$2.4 million from 28 September 2017 to 30 November 2017 and 31 January 2018 (the “**Outstanding Loan Interests**”), respectively, at an interest rate of 12.0% per annum on the Outstanding Loan Interests for such extension periods.

Therefore, at the end of the reporting period and up to the date of this report, CAP was indebted to the Group a sum of an aggregate principal amount of HK\$1,150.0 million.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review 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 an audit committee (the “**Audit Committee**”) with specific 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 the 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 Mr. Siu Yim Kwan, Sidney, Mr. Wong Chun, Justein and Mr. Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

APPRECIATIONS

I would like to take this opportunity to thank our customers, business partners, shareholders and institutional investors for the continued support given to the Group during the period. I would also like to thank our fellow members of the Board and all staff for their contribution to the Group.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 21 November 2017



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2017

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) 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) of 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 expense	7	(6,506)	(2,984)
PROFIT FOR THE PERIOD		884,513	447,882

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 September 2017

	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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 September 2017

	Note	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
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

	Notes	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,287,258	1,285,661
Investment properties		1,814,000	1,473,300
Properties under development	10	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 and loss		23,655	14,424
Loans and interest receivables	11	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	10	3,704,605	3,103,588
Available-for-sale investments		48,633	35,879
Inventories		196,483	190,658
Trade receivables	12	110,901	91,764
Loans and interest receivables	11	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
Assets classified as held for sale	13	8,332,933 2,808,843	8,701,534 196,150
Total current assets		11,141,776	8,897,684

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2017

	Notes	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	14	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	13	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2017

	Attributable to owners of the parent												
	Issued capital (Unaudited) HK\$'000	Share		Available-for-sale investment revaluation reserve (Unaudited) HK\$'000	Treasury shares (Unaudited) HK\$'000	Exchange		Other reserves (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
		premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000			fluctuation reserve (Unaudited) HK\$'000	Other						
At 1 April 2016	192,885	1,435,381	306,353	(19,537)	-	2,310	(9,056)	-	2,648,934	4,557,270	(1,303)	4,555,967	
Profit for the period	-	-	-	-	-	-	-	-	454,238	454,238	(6,356)	447,882	
Other comprehensive income/(loss) for the period:													
Available-for-sale investments:													
Changes in fair value of available-for-sale investments	-	-	-	24,826	-	-	-	-	-	24,826	-	24,826	
Exchange differences on translation of foreign operations	-	-	-	-	-	558	-	-	-	558	-	558	
Release of other reserve upon Step Acquisition of WYTH	-	-	-	-	-	-	11,870	-	-	11,870	-	11,870	
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(2,762)	-	-	(2,762)	-	(2,762)	
Share of other comprehensive income of associates	-	-	-	-	-	-	6,628	-	-	6,628	-	6,628	
Total comprehensive income for the period	-	-	-	24,826	-	558	15,736	-	454,238	495,368	(6,356)	489,002	
Deemed partial disposal of interest in subsidiaries	-	-	-	-	-	-	-	(259,048)	-	(259,048)	591,136	332,088	
Step Acquisition of WYTH	-	-	-	-	(27,918)	-	-	-	-	(27,918)	1,279,362	1,251,444	
Final 2016 dividend	-	-	-	-	-	-	-	-	(96,444)	(96,444)	-	(96,444)	
At 30 September 2016	192,885	1,435,381	306,353	5,289	(27,918)	2,868	6,680	(259,048)	3,006,728	4,669,218	1,862,839	6,532,057	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Six months ended 30 September 2017

	Attributable to owners of the parent												
	Issued capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-for-sale investment		Exchange			Capital reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
				revaluation	Treasury shares	fluctuation	Other reserves						
				reserve (Unaudited) HK\$'000	reserve (Unaudited) HK\$'000	reserve (Unaudited) HK\$'000	reserve (Unaudited) HK\$'000						
At 1 April 2017	192,885	1,435,381	306,353	(1,005)	(27,918)	1,829	7,612	(250,048)	2,956,891	4,612,980	1,813,278	6,426,258	
Profit for the period	-	-	-	-	-	-	-	-	688,300	688,300	196,213	884,513	
Other comprehensive income/(loss) for the period:													
Available-for-sale investments:													
Changes in fair value of available-for-sale investments	-	-	-	(1,911)	-	-	-	-	-	(1,911)	(2,088)	(3,999)	
Release to profit or loss upon disposal of available-for-sale investments	-	-	-	1,307	-	-	-	-	-	1,307	-	1,307	
Exchange differences on translation of foreign operations	-	-	-	-	-	2,623	-	-	-	2,623	2,846	5,469	
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	3,680	-	-	3,680	-	3,680	
Share of other comprehensive income of associates	-	-	-	-	-	-	3,280	-	-	3,280	2,693	5,973	
Total comprehensive income for the period	-	-	-	(604)	-	2,623	6,960	-	688,300	697,279	199,664	896,943	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	100,457	-	100,457	(127,708)	(27,251)	
Final 2017 dividend	-	-	-	-	-	-	-	-	(95,248)	(95,248)	919	(94,329)	
At 30 September 2017	192,885	1,435,381*	306,353*	(1,609)*	(27,918)*	4,452*	14,572*	(158,591)*	3,549,943*	5,315,468	1,886,153	7,201,621	

* These reserve accounts comprise the consolidated reserves of HK\$5,122,583,000 (31 March 2017: HK\$4,420,095,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2017

		Six months ended 30 September	
	<i>Notes</i>	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Additions of properties under development		(672,001)	(124,648)
Other cash generated from/(used in) other operating activities		252,525	(200,334)
Profits tax paid		(204)	(26,560)
Net cash flows used in operating activities		(419,680)	(351,542)
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received	4	6,043	1,818
Step acquisition of WYTH	15	–	420,287
Dividend income from listed securities	4	2,090	937
Additions of investment properties		(12,857)	(67)
Purchase of financial assets at fair value through profit or loss		–	(19,860)
Purchases of available-for-sale investments		(94,884)	(44,682)
Purchase of investment properties and properties under development through acquisition of subsidiaries that are not business	16	(847,725)	–
Proceeds from disposal of investment properties		13,924	10,973
Proceeds from disposal of financial assets at fair value through profit or loss		35,870	19,803
Disposal of subsidiaries	17	736,524	(769)
Advanced to a joint venture		(1,912)	–
Other cash flows from/(used in) investing activities		11,090	(2,890)
Net cash flows from/(used in) investing activities		(151,837)	385,550
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the WOP Spin-off	18	–	328,890
Interest paid		(75,916)	(22,215)
Dividends paid		(94,329)	(96,444)
Repayment of bank and other loans		(1,562,688)	(67,693)
New bank and other loans		1,969,079	390,163
Acquisition of non-controlling interests		(27,251)	–
Net cash flows from financing activities		208,895	532,701

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Six months ended 30 September 2017

		Six months ended 30 September	
	<i>Note</i>	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		2,369,308	1,288,084
Effect of foreign exchange rate changes, net		4,528	92
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,011,214	1,854,885
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the condensed consolidated statement of financial position		2,007,595	1,854,885
Amount included in assets of a disposal group classified as held for sale	13	3,619	–
Cash and bank balances as stated in the condensed consolidated statement of cash flow		2,011,214	1,854,885

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 (“**HKS**”) and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

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

The adoption of these 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

3. OPERATING SEGMENT INFORMATION (Continued)

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) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:														
Sales to external customers	2,133	47,822	15,811	18,727	110,137	96,639	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	-	589	2,660	-	-	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)	-	1,602,285	228,112
Segment results	896,207	10,843	54,557	16,796	21,222	8,490	(55,162)	-	99,236	41,681			1,016,080	77,810
Reconciliation:														
Bank interest income														6,043
Finance costs														(45,520)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net														4,755
Corporate and unallocated income/(expenses), net														(64,058)
Share of profits and losses of:														
Joint ventures														2,736
Associates														(28,997)
Profit before tax														891,019
Income tax expense														(6,506)
Profit for the period														884,513
														447,882

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

4. OTHER INCOME AND GAINS, NET

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

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) 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			
Gain on disposal of subsidiaries, net	17	455,435	17,042
Gain on remeasurement of 50% equity interest retained in the Wonder Sign Group as a joint venture	17	467,039	–
Gain on bargain purchase	15	–	1,062,060
		922,474	1,079,102
Other income and gains, net		945,139	1,093,596

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

5. FINANCE COSTS

An analysis of finance costs is as follows:

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

6. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) 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
(Gain)/loss on disposals 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*	15	–	550,445
Transaction costs incurred for Step Acquisition of WYTH*	15	–	2,220
Impairment of trade receivables*		2,120	–
Foreign exchange difference, 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

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 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current – Hong Kong	8,398	6,439
Deferred	(1,892)	(3,455)
Total tax charge for the period	6,506	2,984

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

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 (Unaudited) HK\$'000	2016 (Unaudited) 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 (Unaudited)	2016 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue less treasury shares held by the Group during the period, used in basic earnings per share calculation	18,865,520,047	19,288,520,047

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

9. INTERIM DIVIDEND

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

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the six months ended 30 September 2017, the Group incurred HK\$41,437,000 (six months ended 30 September 2016: HK\$2,890,000) on the additions of items of property, plant and equipment.

During the six months ended 30 September 2017, the Group incurred HK\$693,918,000 (six months ended 30 September 2016: HK\$149,480,000) on the additions of properties under development.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

11. LOANS AND INTEREST RECEIVABLES

	<i>Notes</i>	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Loans and interest receivables, secured	<i>(i)</i>	328,741	372,263
Loans and interest receivables, unsecured	<i>(ii)</i>	596,255	267,895
		924,996	640,158
Less: Impairment		(4,643)	(4,643)
		920,353	635,515
Less: Loans and interest receivables classified as non-current assets		(310,127)	(80,594)
		610,226	554,921

Notes:

- (i) These loans receivable are stated at amortised cost at effective interest rates ranging from 6.5% to 22% (2017: 8% to 22%). The credit terms of these loans receivable range from 6 months to 20 years (2017: 5 months to 20 years). The carrying amounts of these loans receivable approximate to their fair values.
- (ii) These loans receivable are stated at amortised cost at effective interest rates ranging from 5% to 34.8% (2017: 3% to 34.8%). The credit terms of these loans receivable range from 1 year to 6 years (2017: 1 year to 6 years). The carrying amounts of these loans receivable approximate to their fair values.

Included in the above loans and interest receivables are loans and interest receivables from Easy One Financial Group Limited, an associate of the Group, of HK\$283,594,000 (2017: HK\$81,585,000), which bears interest at 6.5% per annum and repayable within 2 years.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

12. 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) HK\$'000	31 March 2017 (Audited) 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

<i>Notes</i>	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Assets classified as held for sale		
Assets of a disposal group classified as held for sale		
– Allied Wide Investment Limited (“Allied Wide”) and Easytex Investment Limited (“Easytex”) <i>(i)</i>	–	35,680
– Ease Mind Investments Limited (“Ease Mind”) and its subsidiary (“Ease Mind Group”) <i>(ii)</i>	2,652,625	–
	2,652,625	35,680
Non-current assets classified as held for sale		
– Investment properties <i>(iii)</i>	156,218	160,470
	2,808,843	196,150
Liabilities directly associated with assets held for sale		
Liabilities of a disposal group classified as held for sale		
– Allied Wide and Easytex <i>(i)</i>	–	4,049
– Ease Mind Group <i>(ii)</i>	1,431,692	–
	1,431,692	4,049

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Notes:

- (i) On 21 February 2017, the Group entered into two agreements with an independent third party for the disposal of the Group's 100% equity interest in each of Allied Wide and Easytex for a consideration of HK\$17,500,000 and HK\$17,500,000, respectively. Allied Wide and Easytex are principally engaged in property investment in Hong Kong. The transactions were completed on 14 April 2017.

The assets and liabilities of Allied wide and Easytex (excluding an inter-company loan which is eliminated on consolidation) as at 31 March 2017 are as follow:

	Allied Wide HK\$'000	Easytex HK\$'000	Total HK\$'000
Assets			
Investment properties	17,500	17,500	35,000
Prepayments, deposits and other receivables	36	42	78
Cash and cash equivalents	250	226	476
Tax recoverable	32	94	126
Assets of a disposal group classified as held for sale			
	17,818	17,862	35,680
Liabilities			
Other payables and accruals	(36)	(30)	(66)
Deposits received and receipts in advance	(192)	(153)	(345)
Deferred tax liabilities	(129)	(185)	(314)
Interest-bearing bank loans	(2,487)	(837)	(3,324)
Liabilities directly associated with the assets classified as held for sale			
	(2,844)	(1,205)	(4,049)
Net assets directly associated with the disposal group			
	14,974	16,657	31,631

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Notes: (Continued)

- (ii) On 8 September 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 60% of the issued capital of Ease Mind and 60% of the shareholder's loan owed to its immediate holding company for a total consideration of HK\$2,441,250,000 (subject to adjustment). The principal activity of Ease Mind Group is property development in Hong Kong. As at the date of this report, the transaction has not been completed.

Further details of this disposal are set out in the Company's circular dated 12 October 2017.

The assets and liabilities of the Ease Mind Group (excluding inter-company loan which is eliminated on consolidation) as at 30 September 2017 are as follows:

	HK\$'000
Assets	
Properties under development	2,648,915
Prepayments, deposits and other receivables	91
Cash and cash equivalents	3,619
Assets of a disposal group classified as held for sale	2,652,625
Liabilities	
Trade payables	2,680
Other payables and accruals	11,037
Interest-bearing bank loan	1,417,975
Liabilities directly associated with the assets classified as held for sale	1,431,692
Net assets directly associated with the disposal group	1,220,933

- (iii) As at 30 September 2017, the Group has committed to a plan to sell certain investment properties with an aggregate carrying value of HK\$156,218,000 (31 March 2017: HK\$160,470,000). The directors of the Company expected the sale of these investment properties will be completed by the end of 30 September 2018.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

14. 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) HK\$'000	31 March 2017 (Audited) 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.

15. 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 rights share (the “**WYT Rights Issue**”) and WYTH became a subsidiary of the Group (the “**the Step Acquisition of WYTH**”). The results of WYTH and its subsidiaries (collectively, the “**WYTH Group**”) is consolidated into the Group’s financial statements commencing from the acquisition date (i.e. 29 September 2016 (the “**WYTH Completion Date**”)).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

15. STEP ACQUISITION OF WYTH (Continued)

The Group accordingly remeasured the fair value of its pre-existing interest in WYTH at the WYTH Completion Date and recognised the resulting loss of HK\$550,445,000 on the remeasurement of the Group's pre-existing interest in WYTH to acquisition date fair value.

Details of the carrying value and fair value of the Group's pre-existing interest in Wai Yuen Tong at the WYTH completion date are summaries as follows:

	HK\$'000
Share of net assets	569,650
Other reserves	11,870
	581,520
Less: Fair value of pre-existing interest	(31,075)
Loss on re-measurement	550,445

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

15. STEP ACQUISITION OF WYTH (Continued)

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

	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 (<i>note</i>)	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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

15. STEP ACQUISITION OF WYTH (Continued)

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 fair values of trade receivables as at the date of acquisition amounted to HK\$144,206,000. The gross contractual amounts of trade receivables were HK\$149,453,000.

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.

An analysis of the cash flows in respect of the Step Acquisition of WYTH is as follows:

	HK\$'000
Cash consideration	(249,183)
Cash and cash equivalents acquired	669,470
Net inflow of cash and cash equivalents included in cash flows from investing activities	420,287
Transaction costs of the Step Acquisition of WYTH included in cash flows from operating activities	(2,220)
	418,067

Since the completion of the Step Acquisition of WYTH on 29 September 2016, the WYTH Group contributed revenue of HK\$436,664,000 and contributed a loss of HK\$90,716,000 included in the consolidated profit for the year ended 31 March 2017.

Had the Step Acquisition of WYTH taken place at the beginning of the six months period ended 30 September 2016, the revenue of the Group and the profit of the Group for the six months period ended 30 September 2016 would have been HK\$1,250,887,000 and HK\$346,940,000, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

16. ACQUISITIONS OF SUBSIDIARIES THAT ARE NOT BUSINESS

The net assets acquired by the Group during the current period are as follows:

	PT Harvest	Loyal Pioneer	Total
	HK\$'000	HK\$'000	HK\$'000
	<i>(note (a))</i>	<i>(note (b))</i>	
<hr/>			
Net assets acquired:			
Investment properties	274,549	–	274,549
Deferred tax assets	455	–	455
Prepayment, deposits and other receivables	847	–	847
Properties under development	–	2,575,195	2,575,195
Bank balances	–	5	5
Interest-bearing bank loan	–	(1,105,300)	(1,105,300)
	<hr/> 275,851	<hr/> 1,469,900	<hr/> 1,745,751
Satisfied by:			
Cash	275,851	1,469,900	1,745,751
	<hr/> 275,851	<hr/> 1,469,900	<hr/> 1,745,751

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

16. ACQUISITIONS OF SUBSIDIARIES THAT ARE NOT BUSINESS (Continued)

An analysis of the cash flows in respect of the acquisitions of PT Harvest Holdings Limited (“PT Harvest”) and Loyal Pioneer Limited (“Loyal Pioneer”) are as follows:

	PT Harvest HK\$'000	Loyal Pioneer HK\$'000	Total HK\$'000
Cash consideration	(275,851)	(1,469,900)	(1,745,751)
Deposits paid as at 31 March 2017	27,455	864,430	891,885
Bank balances acquired	–	5	5
Refund of partial consideration	–	6,136	6,136
Net outflow of cash and cash equivalents included in cash flows from investing activities for the period	(248,396)	(599,329)	(847,725)
Transaction costs of the acquisition included in cash Flows from operating activities	(675)	(2,170)	(2,845)
	(249,071)	(601,499)	(850,570)

Notes:

- (a) On 20 February 2017, the Group entered into a provisional sale and purchase agreement with two independent third parties to acquire the entire equity interest in PT Harvest and its shareholders’ loan, which is engaged in property investment in Hong Kong, for a total cash consideration of HK\$274,549,000. The acquisition was completed on 25 April 2017.

Pursuant to the relevant sale and purchase agreements, the cash consideration was adjusted to HK\$275,851,000 based on the net assets value of PT Harvest as at 25 April 2017 (the date of completion).

- (b) On 31 March 2017, the Group entered into a sale and purchase agreement with another two independent third parties to acquire the entire equity interest in Loyal Pioneer and its shareholders’ loan, which is engaged in property development in Hong Kong, for a total cash consideration of HK\$1,469,900,000. The acquisition was completed on 19 May 2017.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

17. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 September 2017

Details of the net assets of the subsidiaries disposed of during the current period and the financial impacts are summarised as follows:

	Easytex HK\$'000 (note (a))	Allied Wide HK\$'000 (note (b))	Wonder Sign Group HK\$'000 (note (c))	Total HK\$'000
Net assets disposed of:				
Investment properties	17,500	17,500	-	35,000
Property under development	-	-	394,891	394,891
Prepayments, deposits and other receivables	42	36	98,340	98,418
Tax recoverable	94	32	-	126
Cash and cash equivalents	226	250	12	488
Other payables and accruals	(30)	(36)	-	(66)
Deposits received and receipts in advance	(153)	(192)	-	(345)
Deferred tax liabilities	(185)	(129)	-	(314)
	17,494	17,461	493,243	528,198
Professional fees and expenses	886	867	9,895	11,648
Gains/(losses) on disposal of subsidiaries	(880)	(828)	457,143	455,435
Gain on remeasurement of 50% equity interest retained in the Wonder Sign Group as a joint venture	-	-	467,039	467,039
	17,500	17,500	1,427,320	1,462,320
Satisfied by:				
Cash	17,500	17,500	713,660	748,660
Fair value of 50% equity interest in the Wonder Sign Group (note)	-	-	713,660	713,660
	17,500	17,500	1,427,320	1,462,320

Note: The fair value was determined by the management with reference to the actual transaction price of the disposal. The Wonder Sign Group is principally engaged in property development in Hong Kong. The remaining interest held by the Group is re-measured at fair value at the date of the Group lost control over the Wonder Sign Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

17. DISPOSAL OF SUBSIDIARIES (Continued)

For the six months ended 30 September 2017 (Continued)

An analysis of the net inflow of cash and cash equivalents for the period in respect of the disposal of subsidiaries is as follows:

	Easytex HK\$'000	Allied Wide HK\$'000	Wonder Sign Group HK\$'000	Total HK\$'000
Cash consideration	17,500	17,500	713,660	748,660
Cash and cash equivalents disposed of	(226)	(250)	(12)	(488)
Professional fees and expenses	(886)	(867)	(9,895)	(11,648)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	16,388	16,383	703,753	736,524

Notes:

- On 6 April 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Easytex Investment Limited ("**Easytex**") for a consideration of HK\$17,500,000. The transaction was completed on 14 April 2017.
- On 6 April 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Allied Wide Investment Limited ("**Allied Wide**") for a consideration of HK\$17,500,000. The transaction was completed on 14 April 2017.
- On 7 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 50% equity interest in Wonder Sign Limited ("**Wonder Sign**", together with its sole subsidiary, Double Bright Limited, collectively, the "**Wonder Sign Group**") and assign the benefit of a shareholder loan owed by the Wonder Sign Group to the immediate holding company of Wonder Sign, which amounted to HK\$255,579,000 as at 7 June 2017, to the independent third party for a total consideration of HK\$664,485,000. The Wonder Sign Group was principally engaged in property development in Hong Kong. The disposal was completed on 7 June 2017. Upon completion of the disposal, the Wonder Sign Group ceased to be a subsidiary of the Group and was owned as to 50% by the Group and 50% by the purchaser and the Wonder Sign Group was accounted for as a joint venture of the Group.

Pursuant to the relevant sale and purchase agreement, the cash consideration was adjusted to HK\$713,660,000 based on the net asset value of the Wonder Sign Group as at 7 June 2017 (the date of completion).

30 September 2017

17. DISPOSAL OF SUBSIDIARIES (Continued)

For the six months ended 30 September 2016

On 31 March 2016, the Group entered into a subscription agreement (the “**GMFG Subscription Agreement**”) with Guangdong Meat Food Limited, an independent third party for the establishment of a joint venture, which is named as Guangdong Meat Food Group Limited (“**GMFG**”). Pursuant to the GMFG Subscription Agreement, the Group will transfer its entire interest in Easy Verse Limited (“**Easy Verse**”), together with its wholly-owned subsidiary, Greatest Wealth Limited (“**Greatest Wealth**”) (collectively referred to as the “**Easy Verse Group**”), to GMFG in exchange for 30% equity interest in GMFG. Easy Verse Group is principally engaged in retailing of pork in Hong Kong. The transaction was completed on 1 April 2016.

Details of the net assets of the Easy Verse Group disposed of and their financial impacts are summarised as follows:

	HK\$'000
Net assets disposal of:	
Plant and equipment	1,372
Goodwill	5,214
Inventories	8
Prepayments, deposits and other receivables	2,224
Intangible assets	346
Trade receivables	36
Cash and cash equivalents	769
Other payables and accruals	(1,448)
Deferred tax liabilities	(23)
	8,498
Gain on disposal of subsidiaries	17,042
	25,540
Satisfied by:	
Fair value of 30% equity interest in GMFG	15,599
Financial assets at fair value through profit and loss	9,941
	25,540

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

17. DISPOSAL OF SUBSIDIARIES (Continued)

For the six months ended 30 September 2016 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK\$'000
Cash consideration	–
Cash and cash equivalents disposed of	(769)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(769)

18. DEEMED PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 12 April 2016, the Group has successfully spun off its property development and property investment business through a separate listing of its then wholly-owned subsidiary, Wang On Properties Limited (“WOP”), on the Main Board of the Stock Exchange (the “WOP Spin-Off”). The WOP Spin-off was achieved by the share offering of 380,000,000 shares at an issue price of HK\$0.92 per share (the “WOP Offering”).

Immediately following the completion of the WOP Offering, the Group’s equity interest in WOP was diluted from 100% to 75% and thus the WOP Spin-Off is considered as a deemed partial disposal of WOP by the Group. Since the deemed partial disposal of WOP did not result in any loss of control, such transaction was accounted for as an equity transaction and the difference between the proceeds from the WOP Offering and the 25% carrying value of WOP and its subsidiaries (collectively referred to as the “WOP Group”) amounted to HK\$259,048,000 is recognised in the capital reserve of the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

18. DEEMED PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

A summary of the financial impacts of the WOP Spin-Off are as follows:

	HK\$'000
Proceeds from the WOP Offering	349,600
Less: 25% carrying value of the WOP Group	(591,136)
Share of share issue expenses	(17,512)
Loss on deemed partial disposal of interest in WOP	(259,048)

An analysis of the cash flows in respect of the deemed disposal of partial interest in WOP is as follows:

	HK\$'000
Proceed from the WOP Offering	349,600
Less: Legal and professional fee paid	(20,710)
Net inflow of cash and cash equivalents in respect of the WOP Offering	328,890

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and sub-leases Chinese wet markets under operating lease arrangements, with leases negotiated for terms ranging from one month to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

19. OPERATING LEASE ARRANGEMENTS (Continued)

(a) As lessor (Continued)

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one year	190,319	201,803
In the second to fifth years, inclusive	155,029	144,711
After five years	2,106	5,370
	347,454	351,884

(b) As lessee

The Group leases certain of its office properties, Chinese wet markets and retail shops under operating lease arrangements. Leases are negotiated for terms ranging from two to six years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one year	180,079	172,132
In the second to fifth years, inclusive	412,311	445,301
After five years	29,280	16,097
	621,670	633,530

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

20. COMMITMENTS

The Group had the following capital and other commitments at the end of the reporting period:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	8,379	68,280
Acquisition of subsidiaries	–	885,664
Properties under development	861,263	1,365,996
	869,642	2,319,940

21. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has given guarantee to a bank in connection with a facility granted to the Wonder Sign Group up to HK\$992,000,000 as at 30 September 2017 (31 March 2017: Nil) and the banking facility guaranteed by the Group to the Wonder Sign Group was utilised to the extent of HK\$480,500,000 as at 30 September 2017 (31 March 2017: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

22. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

(a) Transactions with related parties

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Rental income received from a director*	(i)	600	600
Rental expenses paid to a company in which a director of the Company is a controlling shareholder	(ii)	93	150
Transactions with the WYTH Group#			
– Rental income	(ii)	–	5,100
– Rental expenses paid	(ii)	–	1,361
– Purchases of products	(iii)	–	2,011
Associates			
– Sales of pharmaceutical products by the Group	(ii)	12,360	–
– Rental Income earned by the Group	(ii)	956	–
– Interest Income	(ii)	8,638	–
– Management and promotion fees income	(ii)	478	–
– Sub-licensing fee income	(ii)	5,094	–
Management fee income from the Wonder Sign Group	(iv)	1,900	–

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22. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

- * The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- # The WYTH Group ceased to be a related party of the Group since 29 September 2016 upon completion of the Step Acquisition of WYTH.
- (i) A property of the Group was leased to a director at a monthly rental of HK\$100,000 (six months ended 30 September 2016: HK\$100,000). The rental was determined with reference to the prevailing market rates.
- (ii) The transactions were based on terms mutually agreed between the Group and the related party.
- (iii) The purchases from WYTH Group were made according to the published prices and conditions offered by WYTH Group to customers.
- (iv) Management fee income was received from the Wonder Sign Group in respect of management services on property development.

(b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Short term employment benefits	17,964	23,664
Post-employment benefits	94	173
	18,058	23,837

- (c) The Group has given guarantee to a bank in connection with a facility granted to the Wonder Sign Group, further details of the guarantee is disclosed in note 21 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade payables, financial assets included in loan and interest receivables, prepayments, deposits and other receivables, financial liabilities included in trade payables, other payables and accruals, deposits received and receipts in advance and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of loans and interest receivables and interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other loans as at 30 September 2017 was assessed to be insignificant.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2017

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale investments:				
Debt investments	145,243	–	1,068,002	1,213,245
Financial assets at fair value through profit or loss:				
Equity investments	290,560	9,366	–	299,926
Derivative financial instruments	–	–	23,655	23,655
	435,803	9,366	1,091,657	1,536,826

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 September 2017

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

As at 31 March 2017

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale investments:				
Debt investments	99,731	-	1,070,976	1,170,707
Equity investment at fair value through profit or loss	299,047	41,225	-	340,272
Derivative financial instruments	-	-	14,424	14,424
	<u>398,778</u>	<u>41,225</u>	<u>1,085,400</u>	<u>1,525,403</u>

The Group did not have any financial liabilities measured at fair value as at 30 September 2017 and 31 March 2017.

During the six months ended 30 September 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2016: Nil).

24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 21 November 2017.