WANG ON GROUP LIMITED
（宏安集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2018 (Unaudited)	2017 (Unaudited)	Change
Revenue *(HK$' million)*	**3,279**	603	+443.8%
Profit for the period *(HK$' million)*	**927**	885	+4.9%
Net profit attributable to shareholders *(HK$' million)*	**462**	688	–32.8%
EPS *(HK cents)*			
– Basic and diluted	**2.50**	3.65	–31.5%
Dividend per share *(HK cent)*			
– Interim	**0.10**	0.10	–

	As at		
	30.9.2018 (Unaudited)	31.3.2018 (Audited)	
Total net asset value *(HK$' million)*	**8,476**	7,999	+6.0%
NAV per share *(HK$)*	**0.45**	0.42	+7.1%
Gearing ratio	**40.1%**	25.1%	+15.0%
Cash and cash equivalents *(HK$' million)*	**2,168**	2,664	–18.6%

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of Wang On Group Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**3,279,220**	603,049
Cost of sales		**(1,925,862)**	(340,755)
Gross profit		**1,353,358**	262,294
Other income and gains, net	*4*	**37,443**	945,139
Selling and distribution expenses		**(245,158)**	(127,891)
Administrative expenses		**(185,810)**	(181,776)
Other expenses		**(6,214)**	(2,749)
Finance costs	*5*	**(68,625)**	(45,520)
Fair value gains/(losses) of financial assets at fair value through profit or loss, net		**(5,923)**	4,755
Fair value gains on investment properties, net		**58,220**	63,028
Reversal of write-down of properties under development		**88,856**	–
Share of profits and losses of:			
Joint ventures		**(1,555)**	2,736
Associates		**64,935**	(28,997)
PROFIT BEFORE TAX	*6*	**1,089,527**	891,019
Income tax expense	*7*	**(162,078)**	(6,506)
PROFIT FOR THE PERIOD		**927,449**	884,513
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments/debt investments at fair value through other comprehensive income:			
Net movement in fair value		**(16,156)**	(3,999)
Reclassification adjustments for losses included in profit or loss			
– Loss on disposal		**576**	1,307
– Impairment loss		**5,476**	–
		(10,104)	(2,692)

	Note	Six months ended 30 September 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Exchange differences on translation of foreign operations		**(34,704)**	5,469
Other reserves:			
Share of other comprehensive income/(loss) of joint ventures		**(8,010)**	3,680
Share of other comprehensive income/(loss) of associates		**(7,831)**	5,973
		(15,841)	9,653
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**(70,894)**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**(131,543)**	12,430
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**795,906**	896,943
Profit attributable to:			
Owners of the parent		**462,244**	688,300
Non-controlling interests		**465,205**	196,213
		927,449	884,513
Total comprehensive income attributable to:			
Owners of the parent		**364,360**	697,279
Non-controlling interests		**431,546**	199,664
		795,906	896,943
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK2.50 cents**	HK3.65 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	Notes	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,444,731**	1,325,728
Investment properties		**1,296,800**	1,422,000
Properties under development		**1,538,131**	152,997
Trademarks		**61,356**	61,356
Interest in joint ventures		**1,406,527**	1,510,843
Interest in associates		**126,550**	77,315
Available-for-sale investments		**–**	1,302,052
Financial assets at fair value through other comprehensive income		**1,236,502**	–
Financial assets at fair value through profit and loss		**6,464**	7,661
Loans and interest receivables	*10*	**895,963**	738,657
Deposits and other receivables		**381,521**	63,049
Deferred tax assets		**28,836**	32,460
Total non-current assets		**8,423,381**	6,694,118
CURRENT ASSETS			
Properties under development		**2,335,825**	2,599,460
Properties held for sale		**720,501**	719,080
Contract assets		**40,384**	–
Available-for-sale investments		**–**	53,702
Inventories		**200,211**	183,175
Trade and bills receivables	*11*	**95,333**	123,179
Loans and interest receivables	*10*	**455,108**	533,444
Prepayments, deposits and other receivables		**1,510,696**	1,539,258
Financial assets at fair value through other comprehensive income		**305,206**	–
Financial assets at fair value through profit or loss		**22,420**	272,459
Tax recoverable		**894**	1,616
Cash and cash equivalents		**2,167,980**	2,664,364
		7,854,558	8,689,737
Assets classified as held for sale		**115,800**	532,673
Total current assets		**7,970,358**	9,222,410

	Note	30 September 2018 (Unaudited) HK$'000	31 March 2018 (Audited) HK$'000
CURRENT LIABILITIES			
Contract liabilities		**1,413,557**	–
Trade payables	*12*	**242,341**	252,656
Other payables and accruals		**157,846**	215,680
Deposits received and receipts in advance		**41,750**	2,285,795
Bank and other loans		**2,802,848**	1,483,418
Provisions for onerous contracts		**9,663**	9,663
Tax payable		**244,882**	86,541
		4,912,887	4,333,753
Liabilities directly associated with the assets classified as held for sale		**–**	147,775
Total current liabilities		**4,912,887**	4,481,528
NET CURRENT ASSETS		**3,057,471**	4,740,882
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,480,852**	11,435,000
NON-CURRENT LIABILITIES			
Bank and other loans		**2,762,822**	3,191,679
Deferred tax liabilities		**46,950**	50,152
Other payables		**164,959**	164,958
Deposits received		**29,696**	28,766
Total non-current liabilities		**3,004,427**	3,435,555
Net assets		**8,476,425**	7,999,445
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**189,285**	189,285
Reserves		**5,899,917**	5,610,237
		6,089,202	5,799,522
Non-controlling interests		**2,387,223**	2,199,923
Total equity		**8,476,425**	7,999,445

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standards ("**HKASs**") 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 2018.

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 2018, 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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	As at 31 March 2018 *HK$'000*	**Impact on initial application of HKFRS 9** *HK$'000*	**Impact on initial application of HKFRS 15** *HK$'000*	**As at 1 April 2018** *HK$'000*
Available-for-sale investments	1,355,754	(1,355,754)	–	–
Financial assets at fair value through other comprehensive income	–	1,543,247	–	1,543,247
Financial assets at fair value through profit and loss	280,120	(187,493)	–	92,627
Interest in associates	77,315	(795)	–	76,520
Properties under development	2,752,457	–	54,262	2,806,719
Contract assets	–	–	67,256	67,256
Prepayments, deposits and other receivables	1,602,307	–	(67,256)	1,535,051
Contract liabilities	–	–	2,203,027	2,203,027
Deposits received and receipts in advance	2,314,561	–	(2,148,765)	165,796
Available-for-sale investment revaluation reserve	(2,155)	2,155	–	–
Fair value reserve (recycling)	–	(32,155)	–	(32,155)
Fair value reserve (non-recycling)	–	67,005	–	67,005
Retained profits	4,067,371	(34,452)	–	4,032,919

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group did not restate comparative information and has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

	HK$'000
Retained earnings	
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at FVOCI (non-recycling)	(67,005)
Transferred to other reserve relating to interest in associates	2,553
Reclassify the impairment loss provided in prior years to fair value reserve (recycling) in respect of financial assets at FVOCI	30,000
	(34,452)
Fair value reserve (recycling)	
Transferred from available-for-sale investment revaluation reserve relating to debt securities now measured at FVOCI	(2,155)
Reclassify the impairment loss provided in prior years from retain earnings in respect of financial assets at FVOCI	(30,000)
	(32,155)
Fair value reserve (non-recycling)	
Transferred from retained earnings relating to equity securities now measured at FVOCI	67,005
Available-for-sale investment revaluation reserve	
Transferred to fair value reserve related to debt securities now measured at FVOCI	2,155

(i) Classification and measurement

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	HKFRS 9 carrying amount at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Financial assets carried as amortised cost			
Loans and interest receivables	1,272,101	–	1,272,101
Trade and bills receivables	123,179	–	123,179
Prepayments, deposits and other receivables *(Note (i))*	1,602,307	(67,256)	1,535,051
Cash and cash equivalents	2,664,364	–	2,664,364
	5,661,951	(67,256)	5,594,695
Financial assets measured at FVOCI			
Debt securities *(Note (iii))*	–	1,355,754	1,355,754
Financial assets measured at FVOCI (non-recyclable)			
Equity securities *(Note (ii))*	–	187,493	187,493
Financial assets carried at FVPL			
Equity securities *(Note (ii))*	268,797	(187,493)	81,304
Fund investment *(Note (ii))*	3,662	–	3,662
Other derivative assets *(Note (iv))*	7,661	–	7,661
	280,120	(187,493)	92,627
Financial assets classified as available-for-sale under HKAS 39			
Debt securities *(Note (iii))*	1,355,754	(1,355,754)	–

Notes:

(i) Prepayment, deposits and other receivables of HK$67,256,000 were reclassified to contract assets at 1 April 2018 as a result of the initial application of HKFRS 15.

(ii) Under HKAS 39, equity securities and fund investment were classified as financial assets carried at FVPL. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated certain equity securities at FVOCI (non-recycling), as the investment is held for strategic purposes.

(iii) Under HKAS 39, debt securities were classified as available-for-sale financial assets. They are classified as at FVOCI under HKFRS 9.

(iv) Trading securities and derivative financial assets (except for those designated as hedging instruments in cash flow hedges) were classified as financial assets at FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

(ii) Impairment

HKFRS 9 requires an impairment on trades receivables, contract assets, deposits, other receivables and loans and interest receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables, contract assets, deposits and loans and interest receivables. The Group applied general approach and recorded twelve-month expected losses on its other receivables and amounts due from joint ventures and associates. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at 1 April 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated.

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Sale of properties

The Group sells completed properties in Hong Kong. The impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(a) Timing of revenue recognition

Currently, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured.

Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress.

The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group recognised the sale of completed properties until the point in time at which the Group delivers the properties to the buyers.

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as receipts in advance in the consolidated statement of financial position. Upon the adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from trade and other payables to contract liabilities for the outstanding balance of sales proceeds from customers. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 April 2018. Receipts in advance of HK$2,203,027,000 that were previously classified under deposit received and receipt in advance has been reclassified to contract liabilities as at 1 April 2018.

(b) *Sales commission*

The Group pays commission to the sales agents when agreement for sale and purchase is signed with a property buyer. Following the adoption of HKFRS 15, incremental costs of obtaining a contract, including sales commission, if recoverable, are capitalised as an asset and shall be amortised on a systematic basis that is consistent with the transfer of the related property to the customer. Currently, the Group capitalised the sales commission as an asset until it is recognised in profit or loss at the same time when revenue from the related completed property is recognised. Accordingly, the adoption of HKFRS 15 has had no material impact on the recognition of sale commission in the respective periods. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 April 2018. Prepaid sales commission of HK$67,256,000 that was previously classified as prepayments, deposits and other receivables has been reclassified to contract assets as at 1 April 2018.

(c) *Financing component for sale of completed properties*

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, (i) the Group offers property buyers a discount if they opt to pay the purchase price in full within 120–180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer.

Upon adoption of HKFRS15, properties under development increased by HK$54,262,000, with a correspondence increase in receipt in advance as at 1 April 2018. In addition, reclassifications have been made from receipts in advance to contract liabilities for the outstanding balance of sales proceeds from customers. Receipts in advance of HK$2,203,027,000 that were previously classified as deposit received receipts in advance have been reclassified to contract liabilities as at 1 April 2018.

Sale of goods

The Group sells Chinese and Western pharmaceutical and health food products in Hong Kong and mainland China. The impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(a) *Variable consideration*

The Group provides trade discounts and/or volume rebates for some of its key customers. Previously, the Group recognises revenue from the sale of goods measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. If revenue cannot be reliably measured, revenue recognition is deferred until the uncertainty is resolved. Under HKFRS 15, a transaction price is considered variable if a customer is provided with a right of return, trade discounts or volume rebates. The Group is required to estimate the amount of consideration to which it will be entitled in the sales of its pharmaceutical and health food products and the estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable considerations subsequently resolved. The Group uses the expected value method to estimate the amount of returns, trade discounts and volume rebates as this method better predicts the amount of variable consideration to which the Group will be entitled.

(b) *Rights of return*

Previously when the customers are allowed to return the Group's products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales. The Group has assessed that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return.

(c) *Loyalty points programme*

Under HK(IFRIC)-Int 13 Customer Loyalty Programmes ("**HK(IFRIC)-Int 13**"), the loyalty programme offered by the Group results in the allocation of a portion of the transaction price to the loyalty programme using the fair value of points issued and recognition of the deferred revenue in relation to points issued but not yet redeemed or expired. The Group concluded that under HKFRS 15 the loyalty programme gives rise to a separate performance obligation because it generally provides a material right to the customer. Under HKFRS 15, the Group allocates a portion of the transaction price to the loyalty programme based on the relative stand-alone selling price instead of the allocation using the fair value of points issued, i.e. residual approach, as it did under HK(IFRIC)-Int 13.

The Group has assessed that the above adoption of HKFRS 15 did not have material impact on the timing and measurement of revenue recognised for the period.

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

3. OPERATING SEGMENT INFORMATION

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

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

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

(c) the fresh markets segment engages in the management and sub-licensing of fresh 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 and share of profits and losses of joint ventures and associates are excluded from such measurement.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Fresh markets		Pharmaceutical		Treasury management		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**2,726,074**	2,133	**11,838**	15,811	**93,331**	110,137	**333,776**	370,285	**114,201**	104,683	**–**	–	**3,279,220**	603,049
Intersegment sales	**–**	–	**8,806**	8,766	**–**	–	**2,270**	5,806	**–**	–	**(11,076)**	(14,572)	**–**	–
Other revenue	**10,186**	927,071	**55,632**	61,104	**3,578**	10,434	**–**	38	**–**	569	**–**	–	**69,396**	999,216
Total	**2,736,260**	929,204	**76,276**	85,681	**96,909**	120,571	**336,046**	376,129	**114,201**	105,252	**(11,076)**	(14,572)	**3,348,616**	1,602,265
Segment results	**1,055,573**	896,207	**70,049**	54,557	**16,303**	21,222	**(60,899)**	(55,162)	**96,202**	99,236			**1,177,228**	1,016,060
Reconciliation:														
Bank interest income													**8,496**	6,043
Finance costs													**(68,625)**	(45,520)
Fair value losses of financial assets at fair value through profit or loss, net													**(5,923)**	4,755
Corporate and unallocated income/(expenses), net													**(85,029)**	(64,058)
Share of profits and losses of:														
Joint ventures													**(1,555)**	2,736
Associates													**64,935**	(28,997)
Profit before tax													**1,089,527**	891,019
Income tax expense													**(162,078)**	(6,506)
Profit for the period													**927,449**	884,513

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME AND GAINS, NET

Revenue represents sub-licensing fee income received and receivable; the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts; gross rental income received and receivable from investment properties; proceeds from the sale of properties; and interest income received and receivable from bonds investment and loans receivable during the period.

An analysis of the Group's disaggregation of revenue from contracts with customers, other income and gains, net is as follows:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue, net (Disaggregated by major products or service lines)		
Sub-licensing fee income	**93,331**	110,137
Gross rental income	**14,328**	17,944
Sale of properties	**2,723,584**	–
Sale of goods	**333,776**	370,285
Interest income from treasury operation	**114,201**	104,683
	3,279,220	603,049
Other income, net		
Bank interest income	**8,496**	6,043
Dividend income from listed securities	**2,246**	2,090
Forfeiture of deposits from customers	**3,891**	536
Management fee income	**3,954**	2,132
Others	**10,341**	11,390
	28,928	22,191
Gains, net		
Gains on disposals of subsidiaries, net	**7,574**	455,435
Gain on remeasurement of the retained 50% equity interest as a joint venture	**–**	467,039
Gain on disposal of investment properties	**941**	474
	8,515	922,948
Other income and gains, net	**37,443**	945,139

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September 2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Interest on bank and other loans	**87,825**	67,437
Less: interest capitalised	**(19,200)**	(21,917)
	68,625	45,520

6. PROFIT BEFORE TAX

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

	Six months ended 30 September 2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Cost of services provided	**73,746**	84,872
Cost of properties sold	**1,645,030**	–
Cost of inventories sold	**207,086**	252,973
Depreciation	**40,469**	39,564
Gain on disposal of investment properties, net	**(941)**	(474)
Loss on disposals of available-for-sale investments*	**–**	629
Loss on disposal of financial asset through other comprehensive income*	**2,097**	–
Impairment of trade and other receivables, net*	**3,847**	2,120
Foreign exchange difference, net	**270***	(391)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,028**	2,910

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

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September 2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Current – Hong Kong	**158,921**	8,398
Deferred	**3,157**	(1,892)
Total tax charge for the period	**162,078**	6,506

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

The calculation of the basic earnings per share amount for the period is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue less treasury shares held by the Group during the period.

The Company had no potentially dilutive ordinary shares in issue during the periods and the share options of the Company's subsidiary outstanding during the periods also had no dilutive effect on the basic earnings per share amount presented for the periods.

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**462,244**	688,300

	Number of shares	
	2018	2017
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue	**18,928,520**	19,288,520
Less: Weighted average number of treasury shares	**(423,000)**	(423,000)
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**18,505,520**	18,865,520

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend – HK0.1 cent (2017: HK0.1 cent) per ordinary share	**18,929**	19,289

10. LOANS AND INTEREST RECEIVABLES

	Notes	30 September 2018 (Unaudited) HK$'000	31 March 2018 (Audited) HK$'000
Loans and interest receivables, secured	*(i)*	**1,024,521**	1,062,675
Loans and interest receivables, unsecured	*(ii)*	**341,120**	224,155
		1,365,641	1,286,830
Less: Impairment		**(14,570)**	(14,729)
		1,351,071	1,272,101
Less: Loans and interest receivables classified as non-current assets		**(895,963)**	(738,657)
Current portion		**455,108**	533,444

Notes:

(i) These loans receivables are stated at amortised cost at effective interest rates ranging from 8% to 34.8% (31 March 2018: 8% to 34.8%). The credit terms of these loans receivables range from 3 months to 20 years (31 March 2018: 3 months to 20 years). The carrying amounts of these loans receivables approximate to their fair values.

Included in the above loans and interest receivables are vendor loan to the purchaser of joint venture of HK$600,000,000 (31 March 2018: HK$600,000,000), which bear interest at 0.7% per annum over 12-month HIBOR and is due for repayment on 27 November 2019.

(ii) These loans receivables are stated at amortised cost at effective interest rates ranging from 5% to 13.5% (31 March 2018: 3% to 13.5%). The credit terms of these loans receivables range from 6 months to 1 year (31 March 2018: 6 months to 6 years). The carrying amounts of these loans receivables 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$217,405,000 (31 March 2018: HK$102,849,000), which bears interest ranging from 6.5% to 7% per annum and repayable within 3 years.

11. TRADE AND BILLS RECEIVABLES

	30 September 2018 (Unaudited) HK$'000	31 March 2018 (Audited) HK$'000
Trade receivables	**101,764**	125,122
Bills receivables	**–**	640
Less: Impairment	**(6,431)**	(2,583)
	95,333	123,179

The Group's trading terms with its customers are mainly on credit. 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 receivables balances. Trade receivables are non-interest bearing.

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

	30 September 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
Within 1 month	**41,777**	59,902
1 to 3 months	**27,712**	35,176
3 to 6 months	**17,233**	21,307
Over 6 months	**8,611**	6,154
	95,333	122,539

12. 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 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
Within 1 month	**215,857**	245,140
1 to 3 months	**24,785**	5,254
3 to 6 months	**535**	1,704
Over 6 months	**1,164**	558
	242,341	252,656

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.1 cent (six months ended 30 September 2017: HK0.1 cent) per ordinary share for the six months ended 30 September 2018. The interim dividend will be payable on or around Wednesday, 9 January 2019 to those shareholders whose names appear on the register of members of the Company on Friday, 28 December 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 20 December 2018 to Friday, 28 December 2018, 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, 19 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2018 increased by 443.8% to HK$3,279.2 million (six months ended 30 September 2017: HK$603.0 million). This growth mainly reflected an increase in sales revenue from property development segment driven by sales recognition from completion of a residential project in Ma On Shan, The Met. Blossom. Profit attributable to owners of the parent was HK$462.2 million (six months ended 30 September 2017: HK$688.3 million), representing a decrease of 32.8% over the period, due to the impact of one-time gain of HK$924.2 million from the disposal of 50% equity interest in maya by NOUVELLE project in June 2017.

Property Development

During the first half of the financial year, the property development segment recorded revenue of HK$2,726.1 million (six months ended 30 September 2017: HK$2.1 million). This was derived from the recognition of sales of completed residential project of The Met. Blossom.

The Met. Acappella

The Met. Acappella, situated at Tai Wai, Shatin, is a twin tower development with two wings of 12-and-13 storey residential blocks offering a total of 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with storeroom or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of the neighbouring areas, enabling residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows its residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs for quality lifestyle. Pre-sales of the project, which launched in November 2017, had received positive response and marked strong performance. As of 20 November 2018, 305 units had been pre-sold with a total pre-sale amount of HK$2.1 billion. The project is scheduled to be completed in the first quarter of 2019.

maya by NOUVELLE

"NOUVELLE" is a new luxury residential brand series. The brand's first premium luxury residential project, "maya", is located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong. This residential project, co-developed by Wang On Properties Limited ("**WOP**, together with its subsidiaries, collectively the "**WOP Group**") and CIFI Holdings (Group) Co. Ltd., will have a total gross floor area ("**GFA**") of 272,000 square feet. WOP holds a 50% stake in the project. It comprises two residential towers on a podium with a shopping arcade. It will offer a total of 326 units of different layout designs, including standard two-to-three bedroom units and special units. Presenting a modern and clean outlook, exceptional green landscape and a large clubhouse, the project offers residents a luxurious and cozy living environment. The superstructure is currently under construction.

Altissimo

The residential project, Altissimo, located at Sha Tin Town Lot No. 601, is co-developed by WOP, Country Garden Holdings Company Limited and China State Construction International Holdings Limited. The project carries integrated advantages as it is located in front of Hoi Sing Bay, an ecological treasure in the natural reserve area, and with Ma On Shan Country Park at its back. It also enjoys the unparalleled natural advantage with the picturesque view of Pat Sin Leng and within walking distance of the Whitehead Club. The project has a GFA of 388,000 square feet and will provide 547 units. WOP holds a 40% stake in this project. Adding top-class construction materials and delicate designs to its strength, the project will set a new model of new premium residential projects in that area. Pre-sale has been launched in mid of November 2018.

Pokfulam residential project

In April 2018, the WOP Group completed the acquisition of all of the 16 properties located at 86A–86D Pokfulam Road, Hong Kong. This project is capable of being redeveloped into a low-density luxurious residential property. On 19 April 2018, the WOP Group disposed of 30% interest in a subsidiary holding these properties at a consideration of HK$103.8 million.

Tsing Yi residential project

On 12 April 2018, the WOP Group acquired a site located at the junction of Liu To Road and Hang Mei Street, Tsing Yi at a total consideration of HK$867.3 million through public tender. The site, occupying an area of 14,400 square feet, will be developed into a premium residential project under the exquisite series "The Met.", with a residential and commercial GFA of 90,000 square feet. We are confident in the potential of this exclusive project, which is situated in a prestigious locale with stunning sea view.

As at 31 October 2018, the Group had a development land portfolio as follows:

Location	**Approximate site area** *(square feet)*	**Approximate GFA** *(square feet)*	**Intended usage**	**Anticipated year of completion**
The Met. Acappella	71,000	148,000	Residential	2019
maya by NOUVELLE	41,000	272,000	Residential and Commercial	2020
Altissimo	253,000	388,000	Residential	2020
Pokfulam residential project	28,500	28,500	Residential	2021
Tsing Yi residential project	14,400	90,000	Residential and Commercial	2022

Property Investment

During the reporting period, the Group received gross rental income of HK$11.8 million (six months ended 30 September 2017: HK$15.8 million), representing a decrease of HK$4.0 million or 25.1% compared to the corresponding period last year. The decrease in gross rental income was primarily attributable to the disposal of a number of investment properties during the reporting period.

As at 30 September 2018, the Group's portfolio of investment properties comprised commercial, industrial and residential units located in Hong Kong with a total carrying value of HK$1,412.6 million (31 March 2018: HK$1,951.8 million).

During the reporting period, we continued to dispose second-hand residential properties and realised HK$10.2 million. As at 30 September 2018, we still held 20 units of second-hand residential properties carrying a valuation of HK$115.8 million. As at the date of this announcement, three out of the aforesaid 20 units had been sold. During the period from July 2018 to August 2018, WOP completed the disposal of three investment properties to independent third parties at a total consideration of HK$440.3 million.

Fresh Markets

In the first half of this financial year, the fresh market business segment continued to be an important stream of profit and cash. For the six months ended 30 September 2018, revenue recorded for this segment amounted to HK$93.3 million (six months ended 30 September 2017: HK$110.1 million), representing an decrease of HK$16.8 million or 15.3% over the corresponding period last year. The revenue decline was mainly due to the lease expiry of fresh markets, namely Kai Tin Estate in Lam Tin, Hang On Estate in Ma On Shan and Po Lam Estate in Tseung Kwan O; however, the revenue decrease was offset by a new fresh market located in Ying Tung Estate in Tung Chung which has commenced operation since September 2018.

The Group's fresh market business, which has been built over the past two decades, is a high profit margin and cash flow generating business. During the reporting period, the Group managed a substantial portfolio of 700 stalls under the "Allmart" brand of fresh markets in Hong Kong with a total GFA of over 162,000 square feet. In order to meet rising customer expectation, the Group strives to offer a more comfortable and spacious shopping environment through well-designed layouts, enhancement works and high quality management services. We will continue to strengthen the partnership with its tenants and local communities by launching effective marketing and promotion events, and thereby reinforcing shopper relationships.

In mainland China, the Group operates fresh market business through its joint venture (the "**JV**") under the "Huimin" brand in various districts of Shenzhen, Guangdong Province. The JV currently manages a portfolio of 1,000 stalls with a GFA of over 283,000 square feet, in which 152,000 square feet are owned by the JV. Following the issuance of urban redevelopment policy by Shenzhen Government, some of the fresh markets may be affected. The Group will continue to closely monitor the latest development, particularly the impact on the land-use rights of its fresh market properties.

Pharmaceutical and Health Food Products Business

During the reporting period, the pharmaceutical segment recorded a decrease in revenue of HK$333.8 million (six months ended 30 September 2017: HK$370.3 million), representing a decrease of 9.9%.

Chinese pharmaceutical and health food products

In the first half of this financial year, retail sales in Hong Kong and Macau increased by 2.1% to HK$195.8 million (six months ended 30 September 2017: HK$191.8 million) as a result of continued implementation of effective pricing and marketing strategies, supported by a professional team of highly motivated and well-trained sales representatives backed by well designed incentives programmes. However, sales from channel operation recorded a decline of 32.4% to HK$28.5 million (six months ended 30 September 2017: HK$42.5 million) due to tightening of credit terms to trade customers for better working capital management. It will continue to review and expand its trade customers portfolio based on key selection criteria of financial condition and sales abilities.

In view of rising cost pressure, it will also step up efforts in managing production cost and optimising product formula with an aim to improve profit margins.

The "Wai Yuen Tong" brand is a household name established over a century. It will continue to promote its brand value to maintain a leading market position in Chinese pharmaceutical and health food product markets.

Western pharmaceutical and health care products

As previously reported, the western pharmaceutical business has been navigating a complex transition in both business and manufacturing strategy. As a result, revenue fell by 14.0% to HK$55.1 million (six months ended 30 September 2017: HK$64.0 million). The "Pearls" brand, a series of mosquito repellents products and over-the-counter medicines, remains popular in Hong Kong and its distribution stores channels are well established. The business in mainland China, however, is suffering from a decline and finding more difficult to develop new channels. It is necessary that we have to take a transformation to adapt the challenging market environment. We are exploring the possibility to shift from gross sales business model to a fee-for-licensing business model in mainland China. Under this business model, the sales revenue from western pharmaceutical business will be reduced but there is no adverse impact on profit given the license fees to be received.

With core strategic focus on sales channel expansion and gaining market share in Hong Kong and potential new business model in mainland China, we believe that the contribution from the "Pearls" brand products should turnaround and resume growth.

Treasury Management

During the reporting period, the Group maintained a robust financial position. Liquid investment as at 30 September 2018 amounted to HK$1,570.6 million, representing a decrease of 4.0% from the balance of HK$1,635.9 million as at 31 March 2018, mainly due to the partial redemption of five-year 10.0% coupon interest bonds (the "**CAP Bonds**") issued by China Agri-Products Exchange Limited ("**CAP**"). The liquid investments represented 88.2% of the total debt securities, 8.7% of which were listed equity securities and 3.1% were fund investment.

This business segment contributed HK$114.2 million (six months ended 30 September 2017: HK$104.7 million) to the revenue. Among other things, interest income from CAP amounted to HK$54.9 million. In October 2014, the Group agreed to subscribe the CAP Bonds. As at 30 September 2018, the fair value and principal amount of the CAP Bonds held by the Group amounted to HK$884.0 million and HK$900.0 million (31 March 2018: HK$1,038.0 million and HK$1,050.0 million), respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group's total assets less current liabilities were HK$11,480.9 million (31 March 2018: HK$11,435.0 million) and the current ratio decreased from 2.1 times as at 31 March 2018 to 1.6 times as at 30 September 2018.

As at 30 September 2018, the Group had cash resources and short-term investments of HK$2,495.6 million (31 March 2018: HK$2,990.5 million). Aggregate borrowings as at 30 September 2018 amounted to HK$5,565.7 million (31 March 2018: HK$4,675.1 million) and bore floating interest rates. The gearing ratio was 40.1% (31 March 2018: 25.1%), calculated by reference to the Group's total bank and other borrowings net of cash and cash equivalents and the net assets of the Group.

As at 30 September 2018, the Group's land and buildings, investment properties (including the investment properties included in assets held for sale), properties under development, properties held for sale, available-for-sales investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying value of HK$289.1 million, HK$1,275.8 million, HK$3,329.7 million, HK$665.3 million, nil, HK$508.8 million and HK$19.6 million (31 March 2018: HK$483.2 million, HK$1,868.8 million, HK$1,168.3 million, HK$576.5 million, HK$239.6 million, nil and HK$96.6 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2018 amounted to HK$447.2 million (31 March 2018: HK$1,567.0 million), which was mainly for property development business. The Group has given guarantee to a bank in connection with a facility granted to the joint ventures of the Group up to HK$2,158.8 million and HK$1,165.5 million of the banking facility guaranteed by the Group has been utilised as at the end of the reporting period. Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the reporting period.

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources have been closely monitored 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 meet the Group's operation needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2018, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Bank loans repayable:		
Within one year	**2,798,448**	1,470,021
In the second year	**483,426**	1,332,427
In the third to fifth years, inclusive	**1,657,302**	1,392,024
Beyond five years	**440,674**	467,228
	5,379,850	4,661,700
Other loans repayable:		
Within one year	**4,400**	13,397
In the third to fifth years, inclusive	**181,420**	–
	185,820	13,397
	5,565,670	4,675,097

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, *inter alia*, replenishment of the Group's land bank, enhancing the Group's portfolio of properties for investment and/or payment of construction costs for the development of the 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, issuance of convertible notes or other debt financial instruments, and disposal of properties.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2018, the Group had financial assets at fair value of HK$1,570.6 million:

	As at 30 September 2018		For the period ended 30 September 2018			Fair value/carrying amount		
Nature of investments	Amount held	Percentage to the Group's net assets	Fair value gain/(loss)	Bond interest income	Dividends received	As at 30 September 2018	As at 31 March 2018	Investment cost
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:								
A. Listed investments	116,598	1.4	(70,894)	–	1,342	116,598	187,493	120,488
B. Funds	39,966	0.5	–	–	–	39,966	–	39,966
C. Bonds								
CAP – 10% 5-year Bonds	883,955	10.4	(7,540)	54,854	–	883,955	1,038,087	900,000
Logan Property	92,634	1.1	(477)	2,507	–	92,634	23,482	93,000
Others	408,555	4.8	(8,139)	11,435	–	408,555	294,185	408,095
Sub-total	1,541,708	18.2	(87,050)	68,796	1,342	1,541,708	1,543,247	1,561,549
Financial assets at fair value through profit or loss:								
A. Listed investments	19,600	0.2	(3,660)	–	904	19,600	81,304	20,452
B. Funds	2,820	0.0	(1,066)	–	–	2,820	3,662	13,573
C. Others	6,464	0.1	(1,197)	–	–	6,464	7,661	9,941
Sub-total	28,884	0.3	(5,923)	–	904	28,884	92,627	43,966
Total	1,570,592	18.5	(92,973)	68,796	2,246	1,570,592	1,635,874	1,605,515

The principal activities of the 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 People's Republic of China ("**PRC**").

2. Logan Property Holding Company Limited ("**Logan Property**") is principally engaged in property development, property investment and construction in the PRC.

3. Save as disclosed above, the Group also invested in other listed shares 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 2018.

4. Save as disclosed above, the Group also invested in other bonds and funds, the fair value of each of these bonds and funds represented less than 1.00% of the net assets of the Group as at 30 September 2018.

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure and therefore, the Group does not engage in any hedging activities. As at 30 September 2018, the Group held limited amount of foreign currency deposits, while all bank borrowings were denominated in Hong Kong dollars. The revenue of the Group, also being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirements of the Group's operating expenses during the reporting period.

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

Save as disclosed above, during the period under review, the Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 944 (31 March 2018: 943) employees, of whom 82% (31 March 2018: 81%) 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 also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all eligible employees in Hong Kong and had launched a defined scheme of remuneration and promotion review to accommodate the above purpose and review is normally carried out annually. Other forms of benefits such as medical and retirement benefits and structured training programmes are also provided.

PROSPECTS

Global financial market volatility and economy uncertainty are expected to continue throughout the remainder of this financial year of the Group. Such market volatility has been arisen from factors including international trade tensions, especially that between mainland China and the United States. However, the continuous deepening of the financial and economic initiatives in the mainland China, as well as the implementation of the national initiatives of "One Belt, One Road" and the "Greater Bay Area" will help facilitate Hong Kong's overall growth in the foreseeable future.

While the Group is conscious of its exposure to these market uncertainties, it will continue to reinforce its management efficiency, risk management and cost control, in order to achieve stronger financials, and continue to improve its earnings and cash flow. Under the backdrop of the recent adjustments in Hong Kong capital market and the investment opportunities opened to the Group, the Group will continue to maintain a prudent approach to ensure appropriate and advantageous investment decisions.

Over the years, the Group has established a solid foundation for its diversified business portfolio. Looking forward, the Group will closely monitor international and domestic market situations, and leverage on the business opportunities enabled by the above national initiatives, to deliver sustainable growth across its fresh market, property development as well as the Chinese and Western pharmaceutical and health food products businesses, and maximising the return to its shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2018.

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 2018.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference (as amended from time to time) in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 of the Group. The Audit Committee comprises three independent non-executive Directors, namely Messrs. Siu Yim Kwan, Sidney, Wong Chun, Justein and Siu Kam Chau. Mr. Siu Yim Kwan, Sidney was elected as the chairman of the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of HKEXnews at (*www.hkexnews.hk*) and the Company at (*www.wangon.com*). The 2018 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 20 November 2018

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

* *For identification purpose only*