



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board (the “Board”) of directors (the “Directors”) of Wang On Group Limited (the “Company”) announces the audited consolidated result of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
REVENUE	4	499,488	395,557
Cost of sales		(380,491)	(313,501)
Gross profit		118,997	82,056
Other income and gains		37,639	27,357
Selling and distribution costs		(12,536)	(8,202)
Administrative expenses		(70,684)	(53,789)
Other expenses		(1,806)	(12,817)
Finance costs	5	(13,828)	(15,252)
Gain on disposal of subsidiaries		2,524	1,221
Fair value gains on revaluation of investment properties		31,548	1,822
Excess over the cost of acquisition of an additional interest in an associate		–	99,268
Share of profits and losses of associates		4,578	(39,601)
PROFIT BEFORE TAX	6	96,432	82,063
Tax	7	(13,254)	(9,480)
PROFIT FOR THE YEAR		83,178	72,583
Attributable to:			
Equity holders of the parent		83,170	72,554
Minority interests		8	29
		83,178	72,583
DIVIDENDS	8		
Additional final dividend for 2006		126	4,608
Interim		7,073	6,736
Proposed final		19,540	15,718
		26,739	27,062
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK1.76 cents	HK1.56 cents
Diluted		HK1.58 cents	HK1.49 cents

CONSOLIDATED BALANCE SHEET*31 March 2007*

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,985	8,762
Investment properties		315,143	297,500
Properties under development		247,869	276,286
Goodwill		2,319	4,987
Interests in associates		321,364	313,831
Other intangible asset		30,300	–
Loans receivable		13,987	15,087
Rental deposits paid		5,343	5,360
Other deposits		–	10,000
Deferred tax assets		2,733	562
Total non-current assets		951,043	932,375
CURRENT ASSETS			
Properties held for sale		1,455	135,634
Properties under development		222,811	16,936
Financial assets at fair value through profit or loss		46,767	70,815
Inventories		–	65
Trade receivables	<i>10</i>	6,596	6,811
Prepayments, deposits and other receivables		38,958	22,802
Tax recoverable		–	13
Pledged deposits		78,000	13,971
Cash and cash equivalents		388,584	297,902
Total current assets		783,171	564,949
CURRENT LIABILITIES			
Trade payables	<i>11</i>	–	110
Other payables and accruals		44,341	31,734
Deposits received and receipts in advance		81,888	56,619
Interest-bearing bank loans		389,425	305,034
Provisions for onerous contracts		369	345
Tax payable		15,876	6,193
Total current liabilities		531,899	400,035
NET CURRENT ASSETS		251,272	164,914
TOTAL ASSETS LESS CURRENT LIABILITIES		1,202,315	1,097,289

NON-CURRENT LIABILITIES

Interest-bearing bank loans	108,799	205,494
Provisions for onerous contracts	–	1,590
Convertible notes	45,756	46,860
Deferred tax liabilities	5,454	3,172

Total non-current liabilities	160,009	257,116
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Net assets	1,042,306	840,173
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EQUITY**Equity attributable to equity holders of the parent**

Issued capital	29,418	22,454
Equity component of convertible notes	5,653	6,077
Reserves	987,223	795,460
Proposed final dividend	19,540	15,718

	1,041,834	839,709
Minority interests	472	464

Total equity	1,042,306	840,173
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>

The principal changes in accounting policies are as follows:

HKAS 39 Financial Instruments: Recognition and Measurement

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as at fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKAS 23 (Revised)	Borrowing Cost
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENTAL INFORMATION

Business segments

The following tables present revenue and profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

Group	Property development 2007 HK\$'000	2006 HK\$'000	Property investment 2007 HK\$'000	2006 HK\$'000	Chinese wet markets 2007 HK\$'000	2006 HK\$'000	Shopping centres and car parks 2007 HK\$'000	2006 HK\$'000	Agricultural products wholesaling markets 2007 HK\$'000	2006 HK\$'000	Unallocated corporate and others 2007 HK\$'000	2006 HK\$'000	Eliminations 2007 HK\$'000	2006 HK\$'000	Consolidated 2007 HK\$'000	2006 HK\$'000
Segment revenue:																
Sales to external customers	242,242	-	42,090	131,608	144,048	142,989	27,262	79,037	-	-	43,846	41,923	-	-	499,488	395,557
Intersegment sales	-	-	2,772	4,802	4,091	4,080	791	1,535	-	-	1,854	7,433	(9,508)	(17,850)	-	-
Other revenue	7	180	39,945	2,526	2,616	1,215	1,038	1,359	379	-	18,773	16,398	(1,975)	-	60,783	21,678
Total	242,249	180	84,807	138,936	150,755	148,284	29,091	81,931	379	-	64,473	65,754	(11,483)	(17,850)	560,271	417,235
Segment results	28,205	(8,973)	48,472	25,225	31,028	18,255	3,688	3,286	(9,309)	-	7,334	4,615	2,089	(7,603)	111,507	34,805
Unallocated expenses															(16,753)	(5,879)
Excess over the cost of acquisition of an additional interest in an associate															-	99,268
Interest income															10,928	8,722
Finance costs															(13,828)	(15,252)
Share of profits and losses of associates															4,578	(39,601)
Profit before tax															96,432	82,063
Tax															(13,254)	(9,480)
Profit for the year															83,178	72,583

Group	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Agricultural products wholesaling markets		Unallocated corporate and others		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	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	HK\$'000	HK\$'000
Assets and liabilities																
Segment assets	575,474	413,613	394,268	422,286	108,870	78,678	52,488	39,703	54,028	-	2,103,447	1,894,635	(1,878,458)	(1,665,997)	1,410,117	1,182,918
Interests in associates															321,364	313,831
Deferred tax assets															2,733	562
Tax recoverable															-	13
Total assets															<u>1,734,214</u>	<u>1,497,324</u>
Segment liabilities	317,630	255,864	222,581	274,746	131,183	69,715	17,649	31,465	68,651	-	1,247,362	1,124,605	(1,878,458)	(1,665,997)	126,598	90,398
Interest-bearing bank loans															498,224	510,528
Tax payable															15,876	6,193
Convertible notes															45,756	46,860
Deferred tax liabilities															5,454	3,172
Total liabilities															<u>691,908</u>	<u>657,151</u>
Other segment information:																
Depreciation	4	2	12	12	3,693	5,697	491	1,697	6	-	952	2,647	-	-	5,158	10,055
Other non-cash expenses	-	-	-	-	316	462	-	-	-	-	151	7,730	-	-	467	8,192
Capital expenditure	177,488	204,868	18,642	114,568	67,443	522	17	133	464	-	1,348	851	-	-	265,402	320,942

4. REVENUE

	Group	
	2007	2006
	HK\$'000	HK\$'000
Sub-licensing fee income	155,084	204,702
Management fee income	16,228	17,767
Sale of goods	40,092	38,439
Rendering of services	3,752	3,482
Gross rental income	10,603	9,378
Sale of properties	273,729	121,789
	<u>499,488</u>	<u>395,557</u>

5. FINANCE COSTS

	Group	
	2007	2006
	HK\$'000	HK\$'000
Interest on convertible notes	2,966	3,948
Interest on bank loans and overdrafts	21,682	17,966
	<u>24,648</u>	<u>21,914</u>
Total interest	24,648	21,914
Less: Interest capitalised	(10,820)	(6,662)
	<u>13,828</u>	<u>15,252</u>

6. PROFIT BEFORE TAX

The profit before tax of the Group and its jointly-controlled entity is arrived at after charging/(crediting):

	Group	
	2007	2006
	HK\$'000	HK\$'000
Auditors' remuneration	1,915	1,150
Cost of inventories sold	24,522	23,535
Cost of services provided	139,231	196,248
Cost of properties sold	218,304	99,952
Depreciation	5,158	10,055
Gain on disposal of property, plant and equipment	(163)	(8)
(Gain)/Loss on disposal of investment properties	(8,000)	241
Gain on disposal of financial assets at fair value through profit or loss, net	(4,120)	(3,421)
Interest Income	(10,928)	(8,718)
Property, plant and equipment written off	–	8,278
Minimum lease payments under operating leases for land and buildings	94,697	133,116
Provision for impairment of trade receivables	467	462
Employee benefits expense (including directors' remuneration):		
Wages and salaries	53,907	59,031
Pension scheme contributions	1,642	1,974
Equity-settled share option expense	7,633	–
	<u>63,182</u>	<u>61,005</u>
Amount released for onerous contracts	(1,566)	(6,234)
Net rental income	<u>(10,480)</u>	<u>(9,182)</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the relevant PRC Income Tax Law and the respective regulations, the corporate income tax for the jointly-controlled entity is calculated at the rate of 15%, on its estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2007 HK\$'000	2006 HK\$'000
Group:		
Current – Hong Kong		
Charge for the year	15,249	6,736
Underprovision/(overprovision) in prior years	(2,243)	30
Current – Mainland China		
Charge for the year	137	–
Deferred	111	2,714
Total tax charge for the year	<u>13,254</u>	<u>9,480</u>

8. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Additional final dividend for 2006	126	4,608
Interim – HK0.15 cents (2006: HK0.13 cents) per ordinary share	7,073	6,736
Proposed final – HK\$0.33 cents (2006: HK0.32 cents) per ordinary share	<u>19,540</u>	<u>15,718</u>
	<u>26,739</u>	<u>27,062</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$83,170,000 (2006: HK\$72,554,000), and the weighted average of 4,728,929,500 (2006: 4,663,374,364) ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year and the share subdivision after the balance sheet date.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent for the year of HK\$83,170,000 (2006: HK\$72,554,000) after adjustment for interest saved upon deemed exercise of all convertible notes during the year of HK\$2,966,000 (2006: Nil). The weighted average number of ordinary shares used in the calculation is the 4,728,929,500 (2006: 4,663,374,364) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 718,476,800 (2006: 209,028,160) ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, as adjusted for the bonus issue during the year and the share subdivision after the balance sheet date.

The comparative amounts have been adjusted to reflect the bonus issue during the year and the subdivision of the Company's shares after the balance sheet date.

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group			
	2007		2006	
	HK\$'000	Percentage	HK\$'000	Percentage
Within 90 days	6,278	88	6,478	88
91 days to 180 days	441	6	427	5
Over 180 days	425	6	542	7
	7,144	100	7,447	100
Less: Provision for impairment	(548)		(636)	
	6,596		6,811	

The Group's businesses generally do not grant any credit to customers.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK\$'000	HK\$'000
Within 90 days	—	110

The trade payables are non-interest-bearing and there is generally no credit terms granted by suppliers. The carrying amounts of the trade payables approximated to their fair values.

RESULTS

The Group's turnover and net profit attributable to shareholders for the year amounted to approximately HK\$499.5 million (2006: HK\$395.6 million) and approximately HK\$83.2 million (2006: HK\$72.6 million) respectively.

DIVIDEND

The Board has recommended a final dividend of HK0.33 cents (2006: HK0.32 cents) per ordinary share for the year ended 31 March 2007 to shareholders on the register of members of the Company as of 30 August 2007. The final dividend will be paid on or before 7 September 2007, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 30 August 2007. Together with the interim dividend of HK0.15 cents (2006: HK0.13 cents) (as adjusted for the share subdivision after the balance sheet date) per ordinary share distributed in January 2007, this represents a total dividend of HK0.48 cents per ordinary share (2006: HK0.45 cents) for the year.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Thursday, 30 August 2007, both days inclusive, during which no transfer of shares will be registered. To qualify for the proposed final dividend, all shareholders are required to lodge their transfers with the Company's branch share registrars in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 28 August 2007.

BUSINESS REVIEW

Following the achievement of historical high net profit last year, the Group surpassed that achievement by posting a new record high net profit of approximately HK\$83.2 million for the year ended 31 March 2007, and recorded net assets of over HK\$1 billion as at 31 March 2007, the highest level since its listing in 1995.

For the year ended 31 March 2007, the Group's turnover was approximately HK\$499.5 million (2006: approximately HK\$395.6 million), representing an increase of approximately 26.3% over the previous year. Such increase of turnover was mainly due to the increase in Group turnover in property development in light of the improved economy in Hong Kong during the year under review.

Agricultural Products Wholesale Market

During the year under review, the Group actively explored the development of agricultural products wholesale distribution centres in the PRC. The PRC government has been supportive to agricultural development. To capture this opportunity, the Group formed a joint venture company in Yulin, the PRC, in December 2006 for the development, operation and management of the agricultural by-products wholesaling marketplace and related facilities at Yulin, the PRC, and the related sale and rental of properties. The site area is about 3.3 million square feet and the facilities are, when completed, expected to have a total gross floor area of about 2.3 million square feet. Up to date, the Group contributed approximately HK\$59 million of capital to the joint venture company and is entitled to share 65% of the profit of the joint venture. The site has been acquired by the joint venture company in June 2007 and the construction work will commence soon.

In January 2007, the Group entered into an agreement to acquire a 51% equity interest in an existing agricultural distribution centre in Xuzhou for approximately RMB35.7 million. The site has an area of approximately 2 million square feet and the centre has about 250 tenants doing wholesale business in this market. This market has been in operation since 1997.

In March 2007, the Group entered into an agreement to form another joint venture company for the development of agricultural by-products wholesaling market in Changzhou, the PRC. The entire site occupies an area of approximately 0.6 million square feet. The Group contributed US\$8 million of capital to the joint venture company and is entitled to share 40% of the profit of the joint venture. The land was acquired in June 2007 and the construction work will commence in the last quarter of 2007.

In July 2007, the Group entered into a conditional agreement for the acquisition of 20% equity interest in an agricultural products distribution centre in Dongguan, the PRC, for a consideration of approximately HK\$73 million. This distribution centre is principally engaged in the investment and management and provision of logistics services to owners and tenants of an agricultural products distribution centre situated in Dongguan, the PRC. The site area is over 600 mu (approximately 4.3 million square feet) on which the distribution centre is located and is being developed under two phases into a total gross floor area of approximately 4.2 million square feet. The first phase of the project has been completed and the second phase of the project is expected to be completed by the end of 2007.

Other than the various investments in the PRC during the year, in Hong Kong the Group was successful in securing the management contract for the operation and management of North District Temporary Wholesale Market for Agricultural Products at Fanling in March 2007. This is one of the 3 principal wholesale marketplaces for the trading of agricultural products in Hong Kong. This wholesale market will not only provide a steady income but also growth potential to the Group upon the introduction and implementation of state-of-art management systems.

The new investment signifies not only our enhanced involvement in the “Vegetable Basket Project”, but also a further integration of our agricultural products distribution operations, which include wholesale centres, logistic services and Chinese wet markets in Hong Kong and the PRC.

Management and Sub-licensing of Chinese Wet Markets

The Group is currently the single largest operator of Chinese wet markets in Hong Kong managing a portfolio of more than 850 stalls with an area of over 250,000 square feet in 13 Chinese wet markets. During the year under review, this business performed in line with the trend established in 2005. Turnover reached HK\$144 million (2006: HK\$143 million), representing a slight increase of approximately 0.7% compared with the previous year as a result of minor tenant mix change in the portfolio.

Given the Group’s extensive expertise and experience in the management of Chinese wet markets, the Directors are optimistic that it will be in a strong position to secure more business opportunities with markets owned by the Link Real Estate Investment Trust and from other business sources.

In November 2006, the Group acquired 50% equity interest in the registered capital of a agricultural products market in Shenzhen, the PRC at a consideration of RMB65.5 million. The market is principally engaged in the operation and management of 20 traditional Chinese wet markets with a total of 1,700 stalls in various districts in Shenzhen, the PRC and occupied a total gross floor area of approximately 340,000 square feet. This acquisition represented a major strategic move and a milestone of the Group’s presence in the PRC Chinese wet market.

The Group will continue to look for new markets with great potential both in Hong Kong and the PRC. We plan to use our management’s professionalism and experience in developing and promoting modern Chinese wet markets so as to maximize our investment returns.

Property Development

For the year under review, the construction work for both the Shatin Heights and Meister House projects have been substantially completed and the respective occupation permits have been issued. In December 2006, 9 villas with sales value of nearly HK\$200 million out of a total of 16 villas at the Meister House project were pre-sold and completion is expected to take place by the end of September 2007. The remaining 7 villas will be offered for sale later this year.

As at June 2007, the Group's property development portfolio was as follows:

Property Name	Location	Approximate Site Area (sq ft)	Development Plan	Anticipated Completion
8 Shatin Heights Road	Shatin Town Lot No. 465	49,100	Low density residential area with 11 villas	Last quarter of 2007
Meister House	1 Fairview Park Boulevard, Yuen Long	154,800	Low density residential and commercial area with 16 luxury villas, 6 shops and club house	9/2007
	Total	<u>203,900</u>		

Given the notable improvement in the local employment climate and robust retail trade, as well as a boost in consumer spending, the Directors expect that the Hong Kong property market will benefit from the improved economy. The Group is currently locating suitable sites both in Hong Kong and the PRC for the replenishment of land rescuer which can accommodate its development plans and generate handsome returns to the Group for the next year.

Property Investment

As at 31 March 2007, the Group maintained an investment property portfolio with a net book value of approximately HK\$315.1 million (2006: approximately HK\$297.5 million), providing an annual gross rental income of approximately HK\$10.6 million, representing a 12.8% increase over the HK\$9.4 million recorded last year. This portfolio is maintained by the Group for capital appreciation and for steady income.

The Group will continue to look for suitable retail shops for the long term growth of the Group's investment property portfolio. The Directors believe that this strategy can on the one hand provide stable income to the Group and, on the other hand, benefit from capital appreciation in the years to come.

Management and Sub-licensing of Shopping Centres and Car Parks

During the year under review, turnover of the management and sub-licensing of shopping centres and car parks was substantially reduced to HK\$27.3 million (2006: HK\$79.0 million), a decrease of 65% over last year. During the year, the Group scaled down the operation of car parks and it continues to be the Group's strategy to re-allocate its resources in order to focus on other business areas with potential for higher returns.

Investment in Pharmaceutical and Health Products Related Business

The results of our pharmaceutical and health products related business improved during the year with a total turnover of HK\$381.3 million, representing a 17.4% increase over the HK\$324.8 million recorded last year. Profit for the year amounted to HK\$9.9 million compared with a loss of HK\$106.2 million in the previous year.

As at the date of this annual report, there were 55 retail shops and 25 concession counters in operation in Hong Kong and the PRC respectively, selling pharmaceutical and health products under the name of “Wai Yuen Tong”. In addition, 45 out of the 55 retail shops in Hong Kong provide consultant services by registered Chinese medical practitioners.

The Group expects that the performance of our pharmaceutical and health products related business will further improve in light of the healthy economy in both the PRC and Hong Kong and the increasing awareness of personal health.

FUND RAISING

With a view to enlarging the Company’s shareholder base and strengthening the financial position of the Company, the Company issued a total of 64,500,000 new shares of HK\$0.10 each at the issue price of HK\$2.8 per share, for cash, in March 2007. Part of the total net proceeds of approximately HK\$175.3 million from the placing have been, and the balance is intended to be, used for financing the development and management of agricultural by-products wholesaling business and the expansion and development of Chinese wet market business of the Group both in Hong Kong and the PRC and other potential investment opportunities.

Subsequent to the year end, unlisted warrants to subscribe for 200 million shares of the Company at an initial subscription price of HK\$0.45 per share were issued in May 2007 at a total warrants issue price of HK\$4.5 million. The net proceeds of approximately HK\$4 million will be utilized by the Group as general working capital. In the event that all the subscription rights attaching to the warrants are exercised at the initial subscription price of HK\$0.45 per share, the Company will raise additional capital of approximately HK\$90 million, which is also intended to be used for financing the development and management of agricultural by-products wholesaling and Chinese wet market businesses of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the Group had cash resources and short term investments of HK\$513.4 million (2006: HK\$382.7 million). The aggregate borrowings as at 31 March 2007 amounted to HK\$544.0 million (2006: HK\$557.4 million).

The gearing ratio was 7.4% (2006: 29.2%), calculate with reference to the Group’s total borrowing’s net of cash and cash equivalents and equity attributable to equity holders of the Company of approximately HK\$77.4 million and HK\$1,041.8 million respectively.

As at 31 March 2007, the Group’s investment properties, with a carrying amount of HK\$252.5 million (2006: HK\$297.5 million), and certain rental income generated therefrom were pledged to secure the Group’s general banking facilities, HK\$89.4 million (2006: HK\$217.1 million) of which was utilized as at 31 March 2007.

The Group’s capital commitment as at 31 March 2007 amounted to approximately HK\$31.7 million (2006: approximately HK\$239 million).

Management is of the opinion that existing financial resources will be sufficient for the Group’s future expansion plans.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had 231 full time employees, around 96% of whom were located in Hong Kong.

The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and structured training programs, are also provided.

PROSPECTS

In conclusion, our business recorded encouraging results for the year under review. We will strengthen our management to facilitate our further development in every aspect of our business to maximize value for our shareholders.

We believe that a well-developed, operated and managed marketplace provides the type of quality guarantee for the agricultural by-products sold, which the public in the PRC, with their increasing awareness of food hygiene and demand for quality food demands. Also, in view of the large population and the explosion in consumer spend power in the PRC and the indications that each typical Chinese family will spend one third of their disposable household income on food and beverages, we are particularly optimistic of the PRC agricultural by-products wholesale markets and traditional Chinese wet markets and will put additional resources into the exploration and development of such markets in future.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the year ended 31 March 2007. Further details of the Company's corporate governance practices will be described in the corporate governance report to be contained in the Company's 2007 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries of all the Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the financial year under review.

AUDIT COMMITTEE

The Company has an audit committee, which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee, comprising the three independent non-executive Directors, Mr. Siu Yim Kwan, Sidney (Chairman), Mr. Wong Chun, Justein and Mr. Siu Kam Chau, has reviewed the audited consolidated financial statements for the year ended 31 March 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, the Company has on various occasions repurchased a total of 19,300,000 shares on the Stock Exchange for the aggregate consideration of HK\$44,856,500 before expenses. The highest and lowest price per share paid for such repurchases were HK\$2.53 and HK\$2.25 respectively. Other than that, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.wangon.com. An annual report for the year ended 31 March 2007 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 18 July 2007

As at the date hereof, the Directors of the Company comprises of 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