



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 2007

INTERIM RESULTS

The board of directors (the “Board”) of Wang On Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007, together with the comparative figures for the corresponding period in 2006. These condensed consolidated financial statements were not audited, but have been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		For the six months ended 30 September	
		2007	2006
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE		296,413	298,384
Cost of sales		(232,362)	(230,087)
Gross profit		64,051	68,297
Other income and gains		17,323	16,822
Selling and distribution costs		(3,854)	(4,164)
Administrative expenses		(43,400)	(26,481)
Other expenses		(1,702)	(793)
Changes in fair value of financial assets at fair value through profit and loss		15,511	(3,177)
Fair value gains on revaluation of investment properties		2,382	753
Finance costs	4	(6,285)	(6,683)
Share of profits/(losses) of associates		6,266	(2,502)
PROFIT BEFORE TAX	5	50,292	42,072
Tax	6	(12,547)	(8,064)
PROFIT FOR THE PERIOD		37,745	34,008
ATTRIBUTABLE TO:			
Equity holders of the parent		37,757	34,029
Minority interests		(12)	(21)
		37,745	34,008

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Notes</i>		
EARNINGS PER SHARE			
Basic	7	HK0.63 cents	HK0.69 cents
Diluted		HK0.56 cents	HK0.62 cents
DIVIDEND PER SHARE	8	HK0.16 cents	HK0.15 cents

CONSOLIDATED BALANCE SHEET
30 September 2007

		30 September 2007	31 March 2007
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		22,816	11,985
Investment properties		413,676	315,143
Properties under development		54,459	247,869
Goodwill		22,489	2,319
Interests in associates		267,540	321,364
Other intangible assets		27,775	30,300
Loans receivable		13,532	13,987
Rental deposits paid		6,178	5,343
Other deposits		187,228	—
Deferred tax assets		1,139	2,733
Total non-current assets		1,016,832	951,043
CURRENT ASSETS			
Properties held for sale		73,409	1,455
Properties under development		280,577	222,811
Financial assets at fair value through profit or loss		72,528	46,767
Trade receivables	9	3,270	6,596
Prepayments, deposits and other receivables		102,127	38,958
Pledged deposits		5,230	78,000
Cash and cash equivalents		242,305	388,584
Total current assets		779,446	783,171

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
CURRENT LIABILITIES		
Other payables and accruals	77,216	44,341
Deposits received and receipts in advance	38,258	81,888
Interest-bearing bank loans	288,262	389,425
Provisions for onerous contracts	–	369
Tax payable	24,830	15,876
Total current liabilities	428,566	531,899
NET CURRENT ASSETS	350,880	251,272
TOTAL ASSETS LESS CURRENT LIABILITIES	1,367,712	1,202,315
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	212,752	108,799
Convertible notes	–	45,756
Deferred tax liabilities	5,871	5,454
Total non-current liabilities	218,623	160,009
	1,149,089	1,042,306
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	32,247	29,418
Equity component of convertible notes	–	5,653
Reserves	1,070,482	987,223
Proposed dividends	10,319	19,540
	1,113,048	1,041,834
Minority interests	36,041	472
Total equity	1,149,089	1,042,306

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. Basis of preparation

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

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost basis except for investment properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2007.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: disclosures ¹
HK(IFRIC) – INT 8	Scope of HKFRS 2 ²
HK(IFRIC) – INT 9	Reassessment of embedded derivatives ³
HK(IFRIC) – INT 10	Interim financial reporting and impairment ⁴
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 May 2006.

³ Effective for annual periods beginning on or after 1 June 2006.

⁴ Effective for annual periods beginning on or after 1 November 2006.

⁵ Effective for annual periods beginning on or after 1 March 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 12	Service concession arrangements ²
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 January 2008.

³ Effective for annual periods beginning on or after 1 July 2008.

3. Segment information

The Company is an investment holding company and the Group principally operates business segments as described below.

The following table presents revenue and result information for the Group’s business segments for the six months ended 30 September.

2007

	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet market (Unaudited) HK\$'000	Shopping centres and car parks (Unaudited) HK\$'000	Agricultural products wholesaling markets (Unaudited) HK\$'000	Retail business (Unaudited) HK\$'000	Corporate and other (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Group									
Segment revenue									
Sales to external customers	199,466	5,363	70,817	6,252	12,564	–	1,951	–	296,413
Intersegment sales	–	–	–	340	–	–	933	(1,273)	–
Other revenue	3	2,381	1,330	1,929	329	–	22,808	(1,046)	27,734
Total	199,469	7,744	72,147	8,521	12,893	–	25,692	(2,319)	324,147
Segment results	29,474	4,725	6,191	2,085	(7,501)	–	1,208	7,116	43,298
Unallocated expenses									(469)
Interest income									7,482
Finance costs									(6,285)
Share of profits of associates									6,266
Profit before tax									50,292
Tax									(12,547)
Profit for the period									37,745

2006

	Property development (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Chinese wet market (Unaudited) HK\$'000	Shopping centres and car parks (Unaudited) HK\$'000	Agricultural products wholesaling markets (Unaudited) HK\$'000	Retail business (Unaudited) HK\$'000	Corporate and other (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Group									
Segment revenue									
Sales to external customers	150,028	34,289	70,909	21,368	–	20,056	1,734	–	298,384
Intersegment sales	220	2,032	2,088	120	–	–	891	(5,351)	–
Other revenue	–	642	912	1,607	–	51	6,224	(1,058)	8,378
Total	150,248	36,963	73,909	23,095	–	20,107	8,849	(6,409)	306,762
Segment results	24,956	4,830	12,153	1,622	–	422	(3,286)	4,228	44,925
Unallocated expenses									(510)
Interest income									6,842
Finance costs									(6,683)
Share of losses of associates									(2,502)
Profit before tax									42,072
Tax									(8,064)
Profit for the period									34,008

No geographical segment information is presented as over 90% of the Group's turnover was derived from customers in Hong Kong during the period.

4. Finance costs

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes	1,143	1,382
Interest on bank loans and overdrafts	5,142	5,301
	<u>6,285</u>	<u>6,683</u>

5. Profit before tax

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

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	3,925	2,667
Amount released from onerous contracts, net	(377)	(375)
	<u>3,548</u>	<u>2,292</u>

6. 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 period. PRC corporate income tax represents tax charged on the estimated assessable profits arising in the PRC and has been provided at the rate of 15.0%.

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current tax charge for the period		
Hong Kong	9,941	8,011
Mainland China	595	—
Deferred	2,011	53
	<u>12,547</u>	<u>8,064</u>
Tax charge for the period		
	<u>12,547</u>	<u>8,064</u>

Share of tax attributable to associates amounting to HK\$611,000 (2006: HK\$96,000) is included in "Share of profits/(losses) of associates" on the face of the consolidated income statement.

7. Earnings per share

The basic and diluted earnings per share for the period ended 30 September 2006 has been adjusted to take into account of the effect of share subdivision of shares during the period ended 30 September 2007.

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share	37,757	34,079
Effect of dilutive potential ordinary shares	1,143	1,382
	38,900	35,411
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,007,677,837	4,953,177,660
Effect of dilutive potential ordinary shares	913,140,647	717,766,080
	6,920,818,484	5,670,943,740

8. Dividends paid and declared

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend declared and paid during the six month period:		
Final dividend for 2006 of HK0.33 cents (2005: HK0.32 cents, as adjusted to reflect the share subdivision during the period) per share	19,540	15,718
Dividend proposed for approval:		
Interim dividend for 2007 of HK0.16 cents (2006: HK0.15 cents, as adjusted to reflect the share subdivision during the period) per share	10,319	7,073

At a meeting of the board of directors held on 12 December 2007, the directors resolved to pay an interim dividend to shareholders of HK0.16 cents (2006: HK0.15 cents).

9. Trade receivables

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

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within 90 days	3,079	6,278
91 days to 180 days	386	441
Over 180 days	287	425
	3,752	7,144
Less: Provision for impairment	(482)	(548)
	3,270	6,596

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

INTERIM DIVIDEND AND BOOK CLOSE

The Board has resolved to declare an interim dividend of HK0.16 cents (2006: HK0.15 cents) per share for the six months ended 30 September 2007. The interim dividend will be payable on 15 January 2008 to those shareholders whose names appear on the register of members of the Company on 4 January 2008 (the "Record Date"). The register of members of the Company will be closed from 3 January 2008 to the Record Date (both days inclusive). During this period, no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 2 January 2008.

BUSINESS REVIEW

For the six months ended 30 September 2007, the Group recorded turnover of approximately HK\$296.4 million (2006: approximately HK\$298.4 million), representing a slight decrease of approximately 0.7% as compared with the corresponding period last year. Profit attributable to equity holders, however, rose by 11.2% to approximately HK\$37.8 million (2006: approximately HK\$34.0 million) and the Group continued to record an increase in net assets to approximately HK\$1.15 billion (2006: HK\$1.04 billion) as at 30 September 2007. The Group's profitability growth trend is demonstrated most notably by its net profit growth for the five consecutive periods. The satisfactory results for the six-month period were mainly attributed to the successful sale of Meister House villas and the turnaround the Group saw in its of pharmaceutical and health products related business.

Agricultural By-products Wholesale Market

During the period under review, with the supportive policies adopted by the PRC government, the Group continued to expand its core businesses of agricultural by-products wholesale markets in the PRC.

As at 30 September 2007, there were three agricultural by-products wholesale markets invested by the Group, details of which are set out below:

Location	Approximate Site Area (million sq. ft.)	Percentage of Ownership Interest	Amount Invested (up to date of this Announcement) (in million)	Status	Anticipated Completion
Xuzhou	2.1	51%	HK\$36.8	In operation	N/A
Yulin	3.3	65%	HK\$60.0	Construction work for phase 1 was commenced in December 2007	Middle of 2008
Changzhou	0.6	40%	HK\$43.7	Construction work to be commenced in the first quarter of 2008	Last quarter of 2008
Total	6.0		HK\$140.5		

In November 2007, the Group entered into a joint venture agreement to set up a sino-foreign co-operative joint venture company in the PRC for the development, operations and management of agricultural by-products wholesale markets and related facilities, and the sale and rental of related properties in Zhengzhou, Henan Province, the PRC. The total investment of the joint venture company, which is 51% owned by the Group, amounts to RMB260 million.

Apart from its investments in the PRC, the Group has been providing management services for the operation of North District Temporary Wholesale Market for Agricultural Products in Fanling, the New Territories, which is one of the three principal wholesale marketplaces for the trading of agricultural products in Hong Kong since April 2007. Its performance has been steady and was ahead of our budget during the period under review. It is expected that such business will further improve in the second half of this financial year.

The Group intends to continue to intensify its investment in agricultural by-products wholesale markets in the PRC to further entrench its commitment in supporting the State's "Vegetable Basket Project". The Group is actively seeking investment opportunities in other prime locations in the PRC for expansion of its agricultural by-products wholesale market business.

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 a total area of over 300,000 square feet in 13 Chinese wet markets. During the period under review, turnover of Chinese wet markets management and sub-licensing business remained stable and reached HK\$70.8 million (2006: HK\$70.9 million), representing a small decline of approximately 0.1% as compared with that of the same period of last year.

Leveraging its strong wet market operations experience in Hong Kong, the Group has expanded its presence into the PRC Chinese wet market management business in 2006. At present, the Group manages a total of more than 1,700 stalls occupying a total gross floor area of approximately 340,000 square feet in 20 Chinese wet markets in various districts in Shenzhen, the PRC.

The Group plans to further leverage its management expertise and experience in modern Chinese wet market management to enlarge its portfolio and extend its business reach.

Property Development

During the period under review, the sales of Meister House achieved remarkable results. The sale of 9 villas with an aggregate value of HK\$200 million was completed and is reflected in the Group's results for the first half of the year. Subsequently, up to 30 November 2007, a further 5 villas with a sale value of approximately HK\$78 million have been sold and their relevant revenue is expected to be included in the financial year ending 31 March 2008. The Group intends to sell the remaining 2 villas in the coming months given the prevailing favourable market sentiment.

The construction work of the Shatin Heights has been completed and show flats are currently being decorated. This project comprises 11 villas each with its private swimming pool. The sale of these villas is expected to be launched in the first quarter of 2008.

The Group proactively extended its properties development activities to the PRC during the period under review. By public land auction, the Group acquired, in July 2007, a plot with a site area of approximately 0.7 million square feet for RMB134 million in Dailingshan Dongguan, Guangdong Province. The site is planned to be developed into a residential and commercial complex with hotel facilities. The foundation and construction work are scheduled to commence in 2008.

On 23 November 2007, the Group further acquired 50% equity interest in a PRC company which has acquired by way of public auction a land site of approximately 2.4 million square feet in Fuzhou, Jiangxi Province. It is intended that the site will be developed into a residential cum commercial complex. The Board considers that this acquisition allows the Group enjoying the economic and social development of Fuzhou and enables the Group to further strengthen its land bank in the PRC.

The Group aims to enhance its revenue stream from property development through identifying suitable sites both in Hong Kong and in the PRC so as to replenish its land bank.

Property Investment

As at 30 September 2007, the Group maintained an investment property portfolio of retail shops and residential premises with a net book value of approximately HK\$297.8 million (2006: approximately HK\$285.3 million). The Group continues to look for suitable retail premises for the expansion of its investment property portfolio. The investment properties offer the Group a steady cash flow as well as opportunities for capital appreciation.

The Hong Kong property market demonstrated a strong rebound during the first half of the Group's current financial year, with property prices recording a double digit percentage growth during the six months. The Group believes the local property market will maintain its vibrant momentum in the coming year, with an increased amount of capital flowing into the property sector.

Investment in Pharmaceutical and Health Products Related Business

The results of our pharmaceutical and health product related business continued to improve during the period under review with a total turnover of HK\$213.9 million (2006: HK\$172.5 million), representing a 24% increase over that of the same period last year. Profit generated by this business attributable to equity holders for the first half of the year amounted to HK\$15.4 million compared with a loss attributable to equity holders of HK\$5.3 million in the same period of the previous year.

During the period under review, 14 new retail outlets were increased bringing the total of outlets in Hong Kong and the PRC to 94.

The Group expects that the performance of its pharmaceutical and health products related business will further improve in light of the healthy economy in both the PRC and Hong Kong and the population's increasing health consciousness.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the Group had cash resources and short term investments of HK\$320.1 million (31 March 2007: HK\$513.4 million). The aggregate borrowings as at 30 September 2007 amounted to HK\$501.0 million (31 March 2007: HK\$544.0 million).

The gearing ratio was 22.8% (31 March 2007: 7.4%), calculated with reference to the Group's total borrowing's net of cash and bank balances and equity attributable to equity holders of the Company of approximately HK\$253.5 million and HK\$1,113.0 million respectively.

As at 30 September 2007, the Group's investment properties, with a carrying amount of HK\$315.5 million (31 March 2007: HK\$252.2 million), and certain rental income generated therefrom, were pledged to secure the Group's general banking facilities, HK\$147.9 million (31 March 2007: HK\$89.4 million) of which was utilised as at 30 September 2007.

The Group's capital commitment as at 30 September 2007 amounted to approximately HK\$35.1 million (31 March 2007: approximately HK\$31.7 million).

The management is of the opinion that the existing financial resources will be sufficient for the Group's future expansion plans.

FUND RAISING

Apart from the issue of unlisted warrants raising net proceeds of approximately HK\$4 million in June 2007 (as announced on 15 May 2007), with a view to expand the Group's investments as well as to strengthen its financial position, the Company disposed of 210 million shares in Wai Yuen Tong Medicine Holdings Limited during the period under review. The net proceeds of approximately HK\$93.8 million from the disposal are intended to be used as to approximately HK\$50 million for the development and acquisition of wet markets and agricultural by-products distribution centre business and the remaining balance as general working capital of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2007, the Group had 283 full time employees, around 82.7% 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

The Group managed to continue growth momentum through further expansion of its focused business areas and concentration of resources in its redefined core businesses.

The encouraging results of the first half of the year have laid a solid foundation for the Group to strengthen its profitability.

Although the Group's recently commenced investment in PRC agricultural by-product wholesale markets has yet to generate return, the Group's expansion upstream in the agricultural by-product distribution network allows it to integrate its agricultural by-product distribution operations, which cover wholesale markets, logistic services and Chinese wet markets. Such a set up is expected to not only create better cost-efficiency, but also enable the Group to command a prominent position in agricultural by-product distribution in the PRC and Hong Kong.

Given the relative stability of the Chinese wet market business and the booming property market, the directors of the Company are optimistic about the full year performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2007.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2007.

The Group will continue to seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee has reviewed the unaudited financial statements for the six months ended 30 September 2007 of the Group. The audit committee comprises three independent non-executive directors of the Company.

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") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (<http://www.wangon.com>) and the Stock Exchange (www.hkex.com.hk) respectively. The 2007 interim report will be despatched to the shareholders of the Company and available on the same 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, 12 December 2007

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

* For identification purpose only