INTERIM RESULTS

The Board of Directors 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 2000, together with the comparative figures for the corresponding period in 1999, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT — UNAUDITED

		Six months ended 30 September	
		2000	1999
	Notes	***HK$'000***	*HK$'000*
TURNOVER	2	**87,626**	160,222
Cost of sales		**(71,859)**	(131,066)
Gross profit		**15,767**	29,156
Other revenue		**10,729**	7,625
Administrative expenses		**(16,000)**	(23,515)
Other operating expenses		**(7,745)**	(6,370)
PROFIT FROM OPERATING ACTIVITIES	3	**2,751**	6,896
Finance costs		**(823)**	(3,287)
Share of profits less losses of associates		**172**	3,792
PROFIT BEFORE TAX		**2,100**	7,401
Tax	4	**(60)**	(637)
Profit before minority interests		**2,040**	6,764
Minority interests		**228**	—
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**2,268**	6,764
Dividend		**—**	—
EARNINGS PER SHARE	5		
Basic		**0.3 cent**	1.6 cents

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES — UNAUDITED

	Six months ended 30 September	
	2000	1999
	HK$'000	*HK$'000*
Net loss not recognised in the consolidated income statement		
— goodwill on acquisition of associates	**(2,290)**	—
Net profit for the period attributable to shareholders	**2,268**	6,764
Total recognised (loss)/gain	**(22)**	6,764

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30 September 2000** *HK$'000*	Audited 31 March 2000 *HK$'000*
NON-CURRENT ASSETS			
Fixed assets	6	**49,836**	45,668
Interests in associates		**5,847**	4,329
Long term investments	7	**37,863**	—
Other investment	8	**11,051**	—
Loans receivable		**4,658**	4,106
Rental deposits paid		**16,262**	15,388
Deposit paid	9	**19,624**	19,507
		145,141	88,998
CURRENT ASSETS			
Properties held for re-sale	6	**5,134**	5,723
Trade receivables	10	**7,169**	11,631
Prepayments, deposits and other debtors		**10,112**	21,551
Tax recoverable		**2,003**	2,050
Pledged time deposits		**6,662**	8,037
Short term investments	8	**44,248**	—
Cash and cash equivalents		**172,773**	230,547
Due from a director		**—**	61
		248,101	279,600

	Notes		
CURRENT LIABILITIES			
Trade payables and accrued expenses	11	**24,177**	35,194
Deposits received and receipt in advance		**29,506**	28,199
Interest-bearing bank and other borrowings	6	**3,754**	4,425
Provision for onerous contracts		**4,160**	4,990
Tax payable		**3,940**	3,940
Proposed final dividend		**—**	8,176
Final dividend		**8,176**	—
		73,713	84,924
NET CURRENT ASSETS		**174,388**	194,676
TOTAL ASSETS LESS CURRENT LIABILITIES		**319,529**	283,674
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	6	**11,466**	12,612
Finance lease payables		**197**	113
Provision for onerous contracts		**3,935**	5,590
		15,598	18,315
Minority interests		**222**	—
		303,709	265,359
CAPITAL AND RESERVES			
Issued capital	12	**8,176**	6,826
Reserves	13	**295,533**	258,533
		303,709	265,359

CONDENSED CONSOLIDATED CASH FLOW STATEMENT — UNAUDITED

	Six months ended 30 September 2000 *HK$'000*
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,307**
Returns on investments and servicing of finance	**4,263**
Tax refund	**47**
Investing activities	**(100,480)**
Net cash outflow before financing activities	**(94,863)**
FINANCING ACTIVITIES	**37,089**
DECREASE IN CASH AND CASH EQUIVALENTS	**(57,774)**
Cash and cash equivalents at beginning of period	**230,547**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**172,773**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	**9,321**
Unpledged time deposits with original maturity of less than three months when acquired	**163,452**
	172,773

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies

a. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” except that the comparative figures of the condensed consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 31 March 2000. Figures for the year ended 31 March 2000 are extracted from the Group annual financial statements for that year.

b. Prior period adjustments

The Group has adopted SSAP 1 “Presentation of financial statements”, SSAP 2 “Net profit or loss for the period, Fundamental and changes in Accounting policies” and SSAP 24 “Accounting for investment in securities” for the first time in this interim reporting period. There is no prior period adjustments.

c. Comparative figures

The presentation of the financial statements have been changed due to the adoption of the requirements of SSAP 1 (revised) “Presentation of financial statements”. As a result, the formats of the consolidated profit and loss account and consolidated balance sheet have been revised in accordance with the SSAP. Comparative figures have been reclassified to conform with the current period’s presentation.

2. Analysis of turnover and contribution to profit

	Unaudited Six months ended 30 September 2000 Turnover *HK$'000*	Contribution to profit from operating activities *HK$'000*
By activity:		
Management and sub-licensing of Chinese wet markets	39,431	9,063
Management and sub-licensing of shopping centres	10,309	530
Management of car parks	33,944	356
Construction, renovation and decoration services	171	(2,665)
Sale of properties held for re-sale	1,230	640
Rental income	873	602
Exploration and development of website	—	(8,199)
Others	1,668	2,424
	87,626	2,751

The Group's turnover and contribution to profit from operating activities for the period were principally derived in Hong Kong.

3. Profit from operating activities

	Unaudited Six months ended 30 September 2000 HK$'000	1999 HK$'000
The profit from operating activities is stated after charging/(crediting) the following items:		
Depreciation	**4,524**	4,694
Amount released for provision for onerous contracts	**(2,485)**	(12,100)
Gain on disposal of properties held for re-sale	**(640)**	—
Bank interest income	**(5,075)**	(1,920)
Investment income		
— Listed	**(260)**	—
— Unlisted	**(702)**	—

4. Tax

	Unaudited Six months ended 30 September 2000 HK$'000	1999 HK$'000
Group:		
Hong Kong profits tax	**—**	—
Share of tax attributable to associates	**60**	637
	60	637

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong for the period under review. The Group did not have any significant unprovided deferred tax in respect of the periods.

5. Earnings per share

The calculation of the basic earnings per share is based on the following data:

	Unaudited Six months ended 30 September	
	2000	1999
	HK$'000	*HK$'000*
Net profit from ordinary activities attributable to shareholders	**2,268**	6,764
	No. of Shares	No. of Shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	741,610	420,181

The diluted earnings per share is not shown as there were no potentially dilutive during these periods.

6. Assets pledged

At 30 September 2000, the Group's cash and bank balances of HK$6,662,000 (31 March 2000: HK$8,037,000), its investment property and all of its properties held for re-sale, and the rental income required from the properties held for re-sale, were pledged to serve the banking facilities granted to the Group.

7. Investments

	Notes	**Unaudited 30 September 2000** *HK$'000*	Audited 31 March 2000 *HK$'000*
Listed equity securities, short term	(a)	**3,048**	—
Dated debt securities			
Short term — unlisted	(b)	**19,472***	—
— listed	(c)	**21,728***	—
Long term — unlisted	(d)	**13,394**	—
— listed	(e)	**24,469**	—
		79,063	—
Total		**82,111**	—
Classified as:			
Short term		**44,248**	—
Long term		**37,863**	—

All investments in equity and debt securities are held in Hong Kong.

* *These securities have maturity dates within one year.*

Notes:—

(a) Investments in equity securities which are not held for an identified long term purpose are stated in the balance sheet at fair values. Fair values are determined on the basis of their quoted market prices at the balance sheet date and on an individual investment basis. The gains or losses arising from changes in the fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

(b) Investments in unlisted dated debt securities which are intended to be held-to-maturity are stated in the balance sheet at cost, adjusted for the amortisation of premiums or discounts arising on acquisitions, less any provisions for diminutions in values.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

(c) Investments in listed dated debt securities which are not held for an identified long term purpose are stated at fair value with the relevant gains or losses taken to the profit and loss account for the period in which they arise.

(d) Investments in unlisted dated debt securities which are intended to be held on a continuing basis for an identified long term purpose are stated in the balance sheet at cost less any provisions for diminutions in values.

The carrying amounts of unlisted held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

(e) Investments in listed dated debt securities which are intended to be held for an identified long term purpose are stated in the balance sheet at cost less any provisions for diminutions in values.

The carrying amounts of listed securities are reviewed at the balance sheet date in order to assess whether the fair values have declined below the carrying amounts. Fair values are based on the quoted market prices at the balance sheet date and on an individual investment basis. When such a decline has occurred, the carrying amounts are reduced to the fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the profit and loss account in the period in which it arises.

8. Other investment

At 30 September 2000, this represented an unlisted investment in Hong Kong which is intended to be held for an identified long term purpose and is stated at cost less provision for diminution in value.

9. Deposit paid

The deposit paid relates to the acquisition of the remaining 51% interest in Majorluck Limited in which the Group currently has a 49% interest. Subsequent to the period and the conditions precedent to the acquisition had been fulfilled and the acquisition was completed.

10. Trade receivables

The unaudited aging analysis of trade receivables are as follows:—

	30 September 2000	31 March 2000
	HK$'000	*HK$'000*
Less than 3 months	**4,901**	6,223
Over 3 months	**37**	265
Over 6 months	**4,778**	9,875
	9,716	16,363
Less: Provision for bad and doubtful debts	**(2,547)**	(4,732)
	7,169	11,631

The credit policy for its trade customers of the Group has not changed and is consistent with previous year.

11. Trade payables and accrued expenses

The unaudited aging analysis of trade payables and accrued expenses are as follows:—

	30 September 2000	31 March 2000
	HK$'000	*HK$'000*
Less than 3 months	**6,868**	10,828
Over 3 months	**158**	1,242
Over 6 months	**8,900**	12,681
	15,926	24,751
Accrued expenses and other payables	**8,251**	10,443
	24,177	35,194

12. Share capital

	Unaudited 30 September 2000	Audited 31 March 2000
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (31 March 2000: 10,000,000,000) ordinary shares of HK$0.01 (31 March 2000: HK$0.01) each	**100,000**	100,000
Issued and fully paid:		
817,593,914 (31 March 2000: 682,593,914) ordinary shares of HK$0.01 (31 March 2000: HK$0.01) each	**8,176**	6,826

On 13 July 2000, 135,000,000 ordinary shares of HK$0.01 each were issued for cash at subscription price of HK$0.29 per share for a total cash consideration, before expenses, of HK$39.1 million. The net proceeds were used for the expansion of the commercial management business in Chinese wet markets, car parks and shopping centres, for the repayment of bank loans and for general investment and working capital.

A summary of the transactions during the period with reference to the above movement of the Company's ordinary share capital is as follows:—

	Nominal value of shares issued *HK$'000*	**Number of shares issued**
At 1 April 2000	6,826	682,593,914
Issue of 135,000,000 shares of HK$0.01 each	1,350	135,000,000
At 30 September 2000	8,176	817,593,914

13. Reserves — unaudited

	Share premium account *HK$'000*	**Capital reserve** *HK$'000*	**Investment property revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2000	218,987	5,721	2,095	31,730	258,533
Issue of new shares	37,800	—	—	—	37,800
Share issue expenses	(778)	—	—	—	(778)
Goodwill on acquisition of associates	—	(2,290)	—	—	(2,290)
Profit for the period	—	—	—	2,268	2,268
At 30 September 2000	256,009	3,431	2,095	33,998	295,533

14. Related party transactions

The Group had the following transactions with related parties during the period:—

		Unaudited Six months ended 30 September	
		2000	1999
	Notes	***HK$'000***	*HK$'000*
Rental received from Mr. Tang Ching Ho	(a)	**540**	—
Income received from an associate	(b)		
— Consultancy fee income		**300**	300
— Management and promotion fee income		**3,500**	—

(a) The Property was leased to Mr. Tang Ching Ho for a period of two years from 20 December 1999 for a monthly rental of HK$90,000, which was approved in Company's special general meeting held on 17 December 1999. For details, please refer to the Company's announcement dated 6 November 1999.

(b) The transactions were based on terms as agreed between the group and the associate.

15. Contingent Liabilities

(a) The contingent liabilities not provided for in the financial statements were as follows:

	Unaudited	Audited
	30 September	31 March
	2000	2000
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds given to third parties	**18,230**	12,487
Guarantees given in lieu of utility and property rental deposits	**16,939**	14,785
Guarantees given to banks in connection with facilities granted to subsidiaries and associates	**3,042**	23,286
	38,211	50,558

(b) As reported in the Group's 2000 annual report, a wholly-owned subsidiary of the Group (the "Subsidiary") was involved in 2 litigation cases, one as the plaintiff and the other as the defendant. Both cases are related to disputes with contractors for contract monies in relation to works performed.

The directors, having taken legal advice considered that the alleged claims from the contractors were without grounds. Accordingly, no provision had been made for the alleged claims in the financial statements. Meanwhile, the directors are pursuing the Subsidiary's claim and counterclaim.

16. Approval of the unaudited condensed consolidated financial statements

The unaudited condensed consolidated financial statements were approved by the Board of Directors on 22 December 2000.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2000 (1999: Nil).

REVIEW OF OPERATIONS

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2000 are approximately HK$87.6 million (1999: approximately HK$160.2 million) and approximately HK$2.3 million (1999: approximately HK$6.8 million), respectively.

The drop in turnover as compared with the last corresponding period was mainly attributable to the reduction in the Group's properties activities-related and contracting business. The decrease in net profit attributable to shareholders was mainly due to the relevant expenditures incurred in the exploration and development of the Chinese Cultural Information Website, with which the board decided during the period not to proceed further and in respect of which no further costs are expected to be incurred.

Sub-licensing and Management of Chinese Wet Markets

The acquisition of the remaining 51% shareholding interest in Majorluck Limited (a Chinese wet market operator which had formerly been a 49% owned associated company of the Group) was completed. The Group is now the single largest private operator of Chinese wet markets in Hong Kong and currently operates 10 Chinese wet markets with a total floor area of 210,000 sq. ft.. This area of business has become the principal business of the Group accounting for over 44% and 66% of the Group's turnover and positive profit contribution during the period.

Sub-licensing and Management of Shopping Centres

This area of business continues to grow and provides steady contributions to the Group's profit. The Group has recently been awarded the management contracts of Chun Shek Shopping Centre at Chun Shek Estate, Shatin and Wo Che Shopping Centre at Wo Che Estate, Shatin, and currently manages 8 shopping centres with a total floor area of over 1,200,000 sq. ft..

Car Park Management

The Group currently manages over 3,500 car bays for private owners and the Housing Authority which continues to provide positive profit contribution to the Group.

Proposed acquisition of Wai Yuen Tong Medicine Company Limited ("WYT")

As detailed in the announcement made by the Group on 22 December 2000, the Group has entered into an agreement under which it would acquire WYT, a traditional Chinese medicine business, at approximately HK$126.8 million. This represents a major step by the Group to diversify into the traditional Chinese medicine business with a good and reputable brand name, which is expected to generate steady and stable income for the Group with tremendous growth potential. The acquisition is subject to shareholders' approval and a special general meeting is expected to be held in January 2001 for this purpose.

Other Long-term Investment

During this interim period, the Group entered into a joint venture project with the Hutchison Whampoa Group for the operation of the "Whampoa Gourmet Place" at Whampoa Garden, Hunghom, which commenced its soft opening in November 2000 and expects to celebrate its grand opening in January 2001.

Investments

During the period, with a view to enhancing the return of the financial resources held by the Group, approximately US$8.7 million was invested in marketable bonds and short-term credit-linked notes ("Financial Investments") which are low-risk investments but with relatively higher return than bank deposits. Approximately US$3.7 million has been redeemed during and subsequent to the period and the Group currently holds approximately US$5 million of Financial Investments.

Through the conversion of certain convertible notes of Town Health International Company Limited ("Town Health") which the Group purchased before its initial public offer in October 2000 on the Growth Enterprises Market, the Group currently holds approximately 10.8 million shares of Town Health, representing approximately a 3% of the total issued shareholding in this company.

Financial Resources and Liquidity

In July 2000, the Company raised approximately HK$38 million through the placement of 135 million ordinary shares with independent investors.

The Group currently maintains bank deposits of over HK$70 million and short term Financial Investments of approximately US$2 million (after the payment of the HK$126.8 million deposit for the proposed acquisition of WYT). With its low level of borrowing, the Group maintains high liquidity with strong financial resources.

PROSPECTS

With the continued steady growth of the Chinese wet markets and shopping centres management and sub-licensing and car park management business, the long-term investment in “Whampoa Gourmet Place”, the Financial Investments and proposed acquisition of the WYT, which the board expects to generate steady long term income with strong growth potential, the board is confident in the Group’s future prospects.

DIRECTORS' INTERESTS IN SHARES

At 30 September 2000, the interests of the directors of the Company and their associates in the issued share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

		Number of shares beneficially held			
Name of director	**Personal**	**Corporate**	**Family**	**Other**	**Total**
Tang Ching Ho *("Mr. Tang")*	9,600,000	36,314,000 *(Note 1)*	9,600,000 *(Note 2)*	102,838,000 *(Note 3)*	158,352,000
Yau Yuk Yin *("Ms. Yau")*	9,600,000	—	45,914,000 *(Note 4)*	102,838,000 *(Note 4)*	158,352,000
Siu Yim Kwan, Sidney	100,000	—	—	—	100,000

Note 1: *Mr. Tang was interested in these shares through Caister Limited, a company which is wholly and beneficially owned by Mr. Tang.*

Note 2: *Mr. Tang was taken to be interested under the SDI Ordinance in those shares in which his spouse, Ms. Yau, was interested.*

Note 3: *Agreements were entered into between Middlemore Limited, a company wholly and beneficially owned by Mr. Tang, and (i) Ms. Tang Mui Fong; (ii) Ms. Tang Mui Fun and (iii) Mr. Yau Yuk Tong, all being relatives of Mr. Tang, as a result of which, for the purpose of Sections 9 and 10 of the SDI Ordinance, Mr. Tang was taken (for purpose of the duty of disclosure only) to be interested in those shares owned by them.*

Note 4: *Ms. Yau was taken to be interested under the SDI Ordinance in those shares in which her spouse, Mr. Tang, was interested.*

Apart from the 55,514,000 issued shares held by Mr. Tang and Ms. Yau, they were taken (for purposes of disclosure) to be interested in all the issued shares in the Company referred to in Note 3 above pursuant to Sections 9 and 10 of the SDI Ordinance.

Save as disclosed above, none of the directors or their respective associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30 September 2000.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2000, the following interests of 10 per cent. or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of ordinary shares held	Percentage held
Caister Limited	36,314,000	4.44
Mr. Tang	9,600,000	1.17
Ms. Yau	9,600,000	1.17
Tang Mui Fong	47,000,000	5.75
Yau Yuk Tong	29,500,000	3.61
Tang Mui Fun	26,338,000	3.22
	158,352,000	19.36

The shareholdings of Caister Limited, Ms. Tang Mui Fong, Mr. Yau Yuk Tong and Ms. Tang Mui Fun are also disclosed above as the corporate and other interests of Mr. Tang under the heading “Directors’ interests in shares”.

Pursuant to Sections 9 and 10 of the SDI Ordinance, Caister Limited, Ms. Tang Mui Fong, Mr. Yau Yuk Tong and Ms. Tang Mui Fun are taken (for purposes of the duty of disclosure) to be interested in a total of 158,352,000 shares.

Save as disclosed above, no persons had registered an interest in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance as at 30 September 2000.

AUDIT COMMITTEE

The Company has set up an audit committee with written terms of reference since December 1999 which comprises two independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited condensed interim financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2000, there was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries.

CODE OF BEST PRACTICE

Save that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the company in accordance with the Company's bye-laws, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 September 2000, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, the Company has established an audit committee for reviewing and supervising of the Group's financial reporting process and internal controls.

By Order of the Board
Tang Ching Ho
Chairman and Managing Director

Hong Kong, 22 December 2000