



WANG ON GROUP LIMITED

(Incorporated in Bermuda with limited liability)

SUMMARISED ANNOUNCEMENT OF INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

INTERIM RESULTS

The board of directors of Wang On Group Limited (the “Company”) is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2001, together with the comparative figures for the corresponding period in 2000, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

		Six months ended	
		30 September	
		2001	2000
	Notes	HK\$'000	HK\$'000
TURNOVER	3	145,882	87,626
Cost of sales		(108,099)	(71,859)
Gross profit		37,783	15,767
Other revenue		6,980	10,729
Selling and distribution costs		(6,593)	-
Administrative expenses		(24,072)	(16,000)
Other operating expenses		(1,125)	(7,745)
PROFIT FROM OPERATING ACTIVITIES	4	12,973	2,751
Finance costs		(2,042)	(823)
Share of profits less losses of associates		129	172
PROFIT BEFORE TAX		11,060	2,100
Tax	5	(2,301)	(60)
Profit before minority interests		8,759	2,040
Minority interests		(1,197)	228

NET PROFIT FROM ORDINARY

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ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		7,562	2,268
EARNINGS PER SHARE	6		
Basic		0.88 cent	0.31 cent
Diluted		0.85 cent	N/A

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting”. Except as described in Note 2, the accounting policies adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2001.

Figures for the year ended 31 March 2001 are extracted from the Group’s annual financial statements for that year.

2. Impact of new and revised Statements of Standard Accounting Practice (“SSAPs”)

The following is a summary of new and revised SSAPs which have been adopted in the preparation of the current period’s financial statements.

SSAP 9 (revised)	: Events after the Balance Sheet Date
SSAP 14 (revised)	: Leases
SSAP 28	: Provisions, Contingent Liabilities and Contingent Assets
SSAP 29	: Intangible Assets
SSAP 30	: Business Combinations
SSAP 31	: Impairment of Assets
SSAP 32	: Consolidated Financial Statements and Accounting for Investments in Subsidiaries

The Group has complied with SSAP 14 (revised) “Leases” for the first time in this interim reporting period. As a result, total future minimum operating lease commitments are disclosed instead of annual operating lease commitments under non-cancellable operating leases. Figures for the year ended 31 March 2001 are extracted from the Group’s audited financial statements for that year.

Goodwill represents the excess of the cost of an acquisition over the fair values of the Group’s share of the underlying net assets of the acquired subsidiary, associate or jointly

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controlled entity at the date of acquisition. In the previous years, goodwill was eliminated against reserves in the year in which it arose. Following the introduction of SSAP 30, goodwill arising on acquisitions on or after 1 April 2001 is capitalised as an intangible asset in the balance sheet and is amortised to the profit and loss account using the straight-line method over its estimated useful economic life not exceeding ten years. In accordance with the transitional provisions of SSAP 30, goodwill arising from earlier acquisitions before 1 April 2001 will continue to be held in reserves and no reinstatement has been made.

Apart from SSAP 14 and SSAP 30 as explained above, the implementation of the above SSAPs did not have a material impact on the Group's financial statements.

3. Analysis of turnover and contribution to profit

By principal activities:

	Unaudited			
	Six months ended 30 September			
	Turnover		Contribution to profit from operating activities	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Management and sub-licensing of Chinese wet markets	75,169	39,431	9,256	9,063
Management and sub-licensing of shopping centres and car parks	43,154	44,253	262	886
Sale of Chinese medicine, herbs and other medicinal products	23,721	-	6,252	-
Building related contracting business	1,010	171	(1,784)	(2,665)
Technology related business	-	-	-	(8,199)
Others	2,828	3,771	(1,013)	3,666
	145,882	87,626	12,973	2,751

By geographical area of markets:

	Unaudited			
	Six months ended 30 September			
	Turnover		Contribution to profit from operating activities	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China (the "PRC")				
Hong Kong SAR	143,838	87,626	11,928	2,751

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Elsewhere	389	-	147	-
North America	1,065	-	577	-
South East Asia	590	-	321	-
	145,882	87,626	12,973	2,751

4. Profit from operating activities

	Unaudited	
	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
The Group's profit from operating activities is arrived		
at after charging/(crediting):		
Depreciation	7,479	4,524
Amortisation of goodwill	196	-
Amount released from onerous contracts	(2,062)	(2,485)
Gain on disposal of properties held for re-sale	(6)	(640)
Interest income	(3,179)	(5,075)
Investment income		
- Listed	(632)	(260)
- Unlisted	-	(702)

5. Tax

	Unaudited	
	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Group:		
Hong Kong profits tax	2,074	-
Under provision in prior year	189	-
Share of tax attributable to:		
Associates	38	60
	2,301	60

Hong Kong profits tax has been provided at the rate of 16% (2000: 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.

6. Earnings per share

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

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	Unaudited	
	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Net profit from ordinary activities attributable to shareholders	7,562	2,268
No. of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	857,362	741,610
Effect of dilutive potential ordinary shares - share options & convertible bonds	28,380	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	885,742	741,610

7. Trade receivables

The aging analysis of trade receivables is as follows:

	Unaudited		Audited	
	30 September 2001	31 March 2001	30 September 2001	31 March 2001
	HK\$'000	%	HK\$'000	%
Current to 90 days	10,702	89	6,460	92
91 days to 180 days	687	6	62	1
Over 180 days	599	5	504	7
	11,988	100	7,026	100
Less: Provision for doubtful debts	(418)		(315)	
	11,570		6,711	

The Group generally does not grant any credit to customers, except for the Group's pharmaceutical business which offers credit terms of 30 to 60 days.

8. Trade payables

The aging analysis of trade payables is as follows:

	Unaudited		Audited	
	30 September 2001	31 March 2001	30 September 2001	31 March 2001
	HK\$'000	%	HK\$'000	%

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Current to 90 days	1,251	23	1,191	22
91 days to 180 days	-	-	-	-
Over 180 days	4,301	77	4,249	78
	5,552	100	5,440	100

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INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2001 (2000: Nil).

BUSINESS REVIEW

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2001 are approximately HK\$145.9 million (2000: HK\$87.6 million) and approximately HK\$7.6 million (2000: HK\$2.3 million), respectively.

The increase in turnover as compared with the last corresponding period was mainly attributable to the increase in the Group's management and sub-licensing of Chinese wet markets business and the turnover generated by Wai Yuen Tong Medicine Company Limited ("Wai Yuen Tong"), a subsidiary of the Group acquired in February 2001.

The increase in net profit attributable to shareholders was mainly due to the profit generated from Wai Yuen Tong and the reduction in the amount of provision which had to be made for technology related and building related contracting businesses in this current period.

Management and Sub-licensing of Chinese Wet Markets

After the recent successful grand opening of the Tin Chak (Allmart) Chinese Market at Tin Chak Shopping Centre, Tin Shui Wai, the Group currently operates 12 Chinese wet markets in Hong Kong with a total area of over 254,000 sq.ft. Being the largest private operator of Chinese wet markets in Hong Kong, this area of the Group's business continues to generate over 50% of the Group's turnover and revenue.

Management and Sub-licensing of Shopping Centres and Car Parks Management

The Group currently manages and operates 10 shopping centres with a floor area of over 1.7 million sq.ft. and over 3,900 car parking bays which generate steady contribution to the Group.

Wai Yuen Tong

Since its acquisition in February 2001, substantial efforts were contributed by the Group to improve and modernise Wai Yuen Tong's business and these efforts have proved to be fruitful and rewarding. Whilst preserving its over 100 years' reputable brandname, new elements were

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injected into the business and brandname to further enhance its image and in making it more appealing to the younger generation. Product range and retail distribution were also expanded.

With the global increase in health awareness and the increasing popularity of the Chinese medicinal therapies, the directors are confident that Wai Yuen Tong will develop into one of the Group's core businesses which will provide a steady and stable income stream.

Other Investments in Pharmaceutical Business

As disclosed in the Group's 2001 annual report, the Group acquired an approximately 19% equity interest in Luxembourg Medicine Company Limited ("Luxembourg Medicine") in April 2001, which is principally engaged in the manufacturing and sale of medicinal products under the brand name "Madam Pearl". With a view to strengthen its investment in Luxembourg Medicine, the Group recently acquired a further approximately 3.6% shareholding in Luxembourg Medicine in November 2001 which resulted in Luxembourg Medicine becoming an associate of the Group.

The business of Hunan Xiangya Pharmaceutical Company Limited, the Group's first investment in the PRC pharmaceutical market, remains stable. The directors believe that this investment will assist the Group to further expand into Mainland China's pharmaceutical business.

Investment in Dailywin Group Limited

As detailed in the announcements made by the Company on 16 and 29 August 2001, the Group has acquired an approximately 29% equity interest in Dailywin Group Limited ("Dailywin"), the holding company of a listed group which is principally engaged in the manufacturing and sale of watches and bags, at a consideration of HK\$7.7 million, and a loan of 21 million was also made to Dailywin. Subsequent to the acquisition, further loans amounted to HK\$3.9 million was made to Dailywin. New directors had been appointed to Dailywin's board of directors to assist in its restructuring and re-engineering.

Dailywin has recently been involved in certain legal disputes with its convertible bondholders in United Kingdom. The Group will attempt to assist Dailywin to resolve such disputes and the directors will closely monitor the situation to protect the Group's investment in Dailywin.

LIQUIDITY AND FINANCIAL RESOURCES

With a view to enlarge the shareholder base and strengthen the financial position of the Company, the following fund raising capital exercises were made:

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- a. In July 2001, convertible bonds amounting to HK\$30,080,000, with a conversion price of HK\$0.188 per share, were issued. The bonds were subsequently fully converted into 160,000,000 ordinary shares in August 2001;
- b. In October 2001, approximately HK\$12 million was raised through a top-up placing 160 million new ordinary shares at HK\$0.08 per share;
- c. In November 2001, approximately HK\$20 million was raised through a top-up placing of 228 million new ordinary shares at HK\$0.09 per share.

The Group currently maintains bank deposits of around HK\$200 million and long-term financial investments of approximately HK\$12.8 million. The Group's gearing ratio as at 30 September 2001 was approximately 0.29 (based on the Group's total borrowings and total capital and reserves of approximately HK\$56.6 million and HK\$197.1 million, respectively, as at 30 September 2001).

PROSPECTS

With the bright prospect in the Groups' investments in the pharmaceutical business, the steady income generated by the Group's commercial properties management business and the Group's strong liquidity and financial strength, the Board is optimistic about the Group's future and that shareholders will eventually benefit from the Group's growth.

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 2001, 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 2001, 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.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information in respect of the Company required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be released on the website of the Stock Exchange (www.hkex.com.hk) in due course.

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

Hong Kong, 14 December 2001

Please also refer to the published version of this announcement in the Hong Kong iMail Post dated 17/12/2001