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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The board of directors (the “**Board**”) of Wang On Properties Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
	<i>Notes</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
REVENUE	5	60,305	535,626
Cost of sales		<u>(26,786)</u>	<u>(352,306)</u>
Gross profit		33,519	183,320
Other income and gains, net	5	4,043	3,284
Selling and distribution expenses		(37,215)	(32,603)
Administrative expenses		(39,723)	(49,910)
Finance costs	6	(3,694)	(15,274)
Fair value gains on investment properties, net		2,398	39,224
Reversal of write-down of properties under development		<u>44,411</u>	<u>—</u>

		Six months ended	
		30 September	
	<i>Notes</i>	2016	2015
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
PROFIT BEFORE TAX	7	3,739	128,041
Income tax expense	8	<u>(248)</u>	<u>(20,591)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>3,491</u>	<u>107,450</u>
Profit and total comprehensive income attributable to:			
Owners of the parent		11,425	108,193
Non-controlling interests		<u>(7,934)</u>	<u>(743)</u>
		<u>3,491</u>	<u>107,450</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		<u>HK0.76 cent</u>	<u>HK9.49 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*30 September 2016*

	30 September	31 March
	2016	2016
	<i>Note</i>	(Audited)
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	306	70
Investment properties	580,900	579,200
Properties under development	404,804	350,000
Deferred tax assets	<u>5,497</u>	<u>1,577</u>
Total non-current assets	<u>991,507</u>	<u>930,847</u>
CURRENT ASSETS		
Properties under development	2,699,606	2,560,519
Properties held for sale	66,743	92,473
Prepayments, deposits and other receivables	313,600	14,977
Tax recoverable	2,384	1,022
Cash and cash equivalents	<u>707,500</u>	<u>475,831</u>
Total current assets	<u>3,789,833</u>	<u>3,144,822</u>
CURRENT LIABILITIES		
Trade payables	<i>11</i> 24,304	37,508
Other payables and accruals	20,121	25,738
Deposits received and receipts in advance	259,457	13,567
Interest-bearing bank and other loans	109,137	326,677
Tax payable	<u>28,672</u>	<u>49,448</u>
Total current liabilities	<u>441,691</u>	<u>452,938</u>
NET CURRENT ASSETS	<u>3,348,142</u>	<u>2,691,884</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,339,649</u>	<u>3,622,731</u>

		30 September	31 March
		2016	2016
	<i>Note</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,339,649</u>	<u>3,622,731</u>
NON-CURRENT LIABILITIES			
Other payables		29,420	21,973
Interest-bearing bank and other loans		1,940,468	1,567,044
Deferred tax liabilities		<u>3,041</u>	<u>2,573</u>
Total non-current liabilities		<u>1,972,929</u>	<u>1,591,590</u>
Net assets		<u><u>2,366,720</u></u>	<u><u>2,031,141</u></u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>12</i>	15,200	1
Reserves		<u>2,360,768</u>	<u>2,032,454</u>
		<u>2,375,968</u>	<u>2,032,455</u>
Non-controlling interests		<u>(9,248)</u>	<u>(1,314)</u>
Total equity		<u><u>2,366,720</u></u>	<u><u>2,031,141</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

1. REORGANISATION AND BASIS OF PRESENTATION

The Company is a limited liability company incorporated in Bermuda on 19 November 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 5B, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 April 2016.

During the period, the Group was principally engaged in the property development and property investment businesses.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the Stock Exchange (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 16 March 2016. Details of the Reorganisation are set out in the section headed “History, Development and Reorganisation” in the prospectus of the Company dated 30 March 2016 (the “**Prospectus**”).

In the opinion of the directors of the Company, Earnest Spot Limited (“**Earnest Spot**”), a company incorporated in the British Virgin Islands, is the immediate holding company of the Company, and Wang On Group Limited (“**WOG**”), a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Company.

WOG and its subsidiaries, but excluding the Group, are collectively referred to as the “**Remaining WOG Group**”.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 March 2016. Since the companies now comprising the Group were under the common control of the controlling shareholder both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

The condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 September 2016 and 2015 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period.

Equity interests in companies now comprising the Group held by parties other than the controlling shareholder and changes therein prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

2. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 3 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements to HKFRSs 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial statements.

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

4. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of properties; and
- (b) the property investment segment engages in investment and the trading of car parking spaces, industrial and commercial premises for rental or for sale.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs and head office and corporate expenses are excluded from such measurement.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Total	
	2016	2015	2016	2015	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	47,822	520,446	12,483	15,180	60,305	535,626
Other revenue	3,327	2,871	2,043	39,853	5,370	42,724
Total	<u>51,149</u>	<u>523,317</u>	<u>14,526</u>	<u>55,033</u>	<u>65,675</u>	<u>578,350</u>
Segment results	<u>11,336</u>	<u>97,511</u>	<u>8,539</u>	<u>45,694</u>	<u>19,875</u>	<u>143,205</u>
<i>Reconciliation:</i>						
Bank interest income					1,071	110
Finance costs					(3,694)	(15,274)
Corporate and unallocated expenses					(13,513)	—
Profit before tax					3,739	128,041
Income tax expense					(248)	(20,591)
Profit for the period					<u>3,491</u>	<u>107,450</u>
Other segment information						
Depreciation	19	4	—	980	19	984
Reversal of write-down of properties under development	44,411	—	—	—	44,411	—
Capital expenditure*	255	82	—	270	255	352
Fair value gains/(losses) on investment properties, net	<u>363</u>	<u>(326)</u>	<u>2,035</u>	<u>39,550</u>	<u>2,398</u>	<u>39,224</u>

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents proceeds from the sale of properties, gross rental income received and property management fee income received and receivable from investment properties.

An analysis of the Group's revenue, other income and gains, net is as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue		
Sale of properties	48,140	518,278
Gross rental income	12,165	16,612
Property management fee income	—	736
	<u>60,305</u>	<u>535,626</u>
Other income and gains, net		
Bank interest income	1,071	110
Forfeiture of deposits from customers	2,311	2,461
Others	661	713
	<u>4,043</u>	<u>3,284</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank and other loans	28,526	33,404
Less: interest capitalised	<u>(24,832)</u>	<u>(18,130)</u>
	<u>3,694</u>	<u>15,274</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of services provided	—	3,187
Cost of properties sold	25,730	348,466
Depreciation	19	984
Minimum lease payments under operating leases	2,673	1,606
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>1,056</u>	<u>653</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	3,700	16,117
Overprovision in the prior periods	—	(127)
Deferred	<u>(3,452)</u>	<u>4,601</u>
Total tax charge for the period	<u>248</u>	<u>20,591</u>

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

The calculation of the basic earnings per share for the six months ended 30 September 2016 is based on the profit for the period attributable to owners of the parent of HK\$11,425,000 (six months ended 30 September 2015: HK\$108,193,000), and the weighted average number of ordinary shares of 1,497,158,470 (six months ended 30 September 2015: 1,140,000,000) in issue during the six months ended 30 September 2016, on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 12(iii) to this unaudited interim condensed consolidated financial statements) in connection with the listing of the Company had been completed on 1 April 2015.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six months ended 30 September 2016 included 100,000 ordinary shares of the Company issued on 2 December 2015, 1,139,900,000 new ordinary shares issued on 12 April 2016 pursuant to the Capitalisation Issue, on the assumption that these shares had been in issue throughout the six months ended 30 September 2016, and the weighted average number of 357,158,470 ordinary shares of the Company issued upon the completion of the listing of the Company, as further detailed in note 12 to the unaudited interim condensed consolidated financial statements.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six months ended 30 September 2015 was based on 1,140,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the six months ended 30 September 2015.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2016 and 2015 as the Group had no potentially diluted ordinary shares in issue during those periods.

10. DIVIDENDS

	<i>Note</i>	Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Special dividends	<i>(i)</i>	<u>—</u>	<u>170,000</u>

Notes:

(i) During the six months ended 30 September 2015 and before the completion of the Reorganisation, certain subsidiaries of the Company declared special dividends aggregating HK\$170,000,000 to their then shareholders. No special dividends was declared during the six months ended 30 September 2016. No rate of dividend paid or proposed is presented as such information is not meaningful having regard for the purpose of these unaudited interim condensed consolidated financial statements.

(ii) The directors do not recommend the payment of any dividend for the six months ended 30 September 2016.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Within 90 days	<u>24,304</u>	<u>37,508</u>

The trade payables are non-interest bearing and have an average term of 30 days. The carrying amounts of the trade payables approximate to their fair values.

12. SHARE CAPITAL

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.01 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
1,520,000,000 (31 March 2016: 100,000) ordinary shares of HK\$0.01 each	<u>15,200</u>	<u>1</u>

The movement in the Company's share capital during the period from 19 November 2015 (date of incorporation) to 30 September 2016 is as follows:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each (Unaudited)	Nominal value of ordinary shares (Unaudited) HK\$'000
Authorised:			
At 19 November 2015 (date of incorporation)	<i>(i)</i>	10,000,000	100
Increase in authorised share capital on 2 February 2016	<i>(ii)</i>	<u>4,990,000,000</u>	<u>49,900</u>
At 31 March 2016, 1 April 2016 and 30 September 2016		<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:			
At 19 November 2015 (date of incorporation)	<i>(i)</i>	—	—
Share issued on 2 December 2015	<i>(i)</i>	<u>100,000</u>	<u>1</u>
At 31 March 2016 and 1 April 2016		100,000	1
Issue of new shares pursuant to the Capitalisation Issue	<i>(iii)</i>	1,139,900,000	11,399
Issue of new shares pursuant to the Share Offer	<i>(iv)</i>	<u>380,000,000</u>	<u>3,800</u>
At 30 September 2016		<u>1,520,000,000</u>	<u>15,200</u>

Notes:

- (i) Upon incorporation on 19 November 2015, the authorised share capital of the Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each. 100,000 ordinary shares of HK\$0.01 each were allotted and issued to the first shareholder, Wang On Enterprises (BVI) Limited (“**WOE**”), on 2 December 2015. Pursuant to the Reorganisation, such shares were transferred to Earnest Spot by WOE for a consideration of HK\$1.
- (ii) On 2 February 2016, an ordinary resolution of the sole shareholder of the Company was passed and pursuant to which the authorised capital of the Company increased from HK\$100,000 to HK\$50,000,000 by the creation of an additional 4,990,000,000 shares of HK\$0.01 each.
- (iii) Pursuant to the resolution of the shareholder passed on 17 March 2016, the Company allotted and issued a total of 1,139,900,000 shares, credited as fully paid at par, to Earnest Spot on 12 April 2016 by way of capitalisation of the sum of HK\$11,399,000 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”). This Capitalisation Issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company’s initial public offering as detailed in note (iv) below.
- (iv) In connection with the listing of the shares of the Company on the Stock Exchange (the “**Share Offer**”), 380,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.92 per share for a total cash consideration, before expenses, of HK\$349,600,000. Dealings in the shares of the Company on the Stock Exchange commenced on 12 April 2016.
- (v) On 22 October 2016, the Group proposed a share subdivision on the basis of every one issued and unissued existing ordinary share of HK\$0.01 each in the share capital of the Company to ten subdivided shares of HK\$0.001 each (the “**Share Subdivision**”). The Share Subdivision is subject to the approval of the shareholders at the special general meeting of the Company to be held on 6 December 2016.

Upon the Share Subdivision becoming effective, the number of issued shares of the Company will increase from 1,520,000,000 shares of HK\$0.10 each to 15,200,000,000 shares of HK\$0.001 each accordingly.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group’s revenue for the six months ended 30 September 2016 amounted to approximately HK\$60.3 million (six months ended 30 September 2015: approximately HK\$535.6 million). Profit attributable to owners of the parent for the six months period ended 30 September 2016 was approximately HK\$11.4 million (six months period ended 30 September 2015: approximately HK\$108.2 million). The decrease in revenue and profit was primarily attributable to the fact that the Company’s existing projects under development are not expected to complete until at least the end of 2017 as disclosed in the Prospectus. The reduced profit recorded by the Group for the six months

ended 30 September 2016 was also attributable to the decrease in fair value gain on the investment properties held by the Group during the period under review. The review of the individual business segments of the Group is set out below.

Property Development

Revenue recognised in this business segment during the reporting period amounted to approximately HK\$47.8 million (six months ended 30 September 2015: approximately HK\$520.4 million) which was contributed mainly by the sale of a unit in “726 Nathan Road”.

The Group has launched the pre-sales of two Ma On Shan projects, the Met. Blossom (Ma Kam Street, Ma On Shan) and the Met. Bliss (Hang Kwong Street, Ma On Shan) in August and October 2016, respectively. The total contracted pre-sales (which will be recognised as revenue of the Group upon completion and delivery of respective projects) amounted to approximately HK\$3.8 billion as at the date of this announcement.

For the Met. Blossom project, over 98% of the 640 units released were sold after three batches of sales starting from 18 August 2016. The excellent market response and satisfactory results was mainly attributable to the successful sales strategy and precise positioning of the project. Selling at a close-to-market price, the project has attracted singles and young couples who are end users as well as investors, accounting for approximately 60% and 40% of the pre-sold units, respectively. The foundation works are completed and the construction of superstructure is undergoing. Expected completion of this project will be in 2018. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

For the Met. Bliss project, over 90% of the 364 units released were sold. The contracted sales amounted to approximately HK\$1.3 billion. The Met. Bliss comprises studios, one-bedroom units and a limited number of two-bedroom units that are rarely offered in Ma On Shan, to meet the demand of small flats in the district. Same as the Met. Blossom, the foundation works are completed and the construction of superstructure is undergoing. The project is expected to be delivered in 2018. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

The site at 575–575A Nathan Road, Mongkok has completed foundation work, construction of superstructure begins. The site will be developed into another 19-floor Ginza type commercial complex after our successful commercial development project — “726 Nathan Road”. Target completion date of this development is expected to be in late 2017.

The Group’s third residential land parcel in Sha Tin district, the site at Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587) has started its foundation works. The site is near to the Tai Wai Station on the East Rail Line and the Ma On Shan Line of the MTR. The Group solely owns this development and it is expected the project will be delivered to purchasers in 2019.

Development works of the site at 13 and 15 Sze Shan Street are still being paused, pending the negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site.

As at 31 October 2016, the Group had a development land portfolio as follows:

Location	Approximate site area (Square feet)	Intended usage	Anticipated year of completion
575–575A Nathan Road, Mongkok	2,100	Commercial	2017
Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598)	33,300	Residential	2018
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	Residential	2018
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential and Commercial	2020

To support the sustainable development, the Group will continue to acquire development sites with reference to the future market supply and the preference of the potential buyers. The Group has also explored other ways of collaboration with external parties for development opportunities.

Property Investment

As at 30 September 2016, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$580.9 million (31 March 2016: approximately HK\$579.2 million).

During the reporting period, the Group received gross rental income of approximately HK\$12.2 million (six months ended 30 September 2015: approximately HK\$16.6 million), representing a decrease of approximately HK\$4.4 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the year ended 31 March 2016.

In November 2015, the Group has acquired a number of car parking spaces in Shatin Centre at a consideration of HK\$96.8 million, with a view for trading gain. Some of which has been sold during the year ended 31 March 2016. The remaining car parking spaces were all contracted for sales during the reporting period and three of which were completed during the reporting period.

Property acquisitions subsequent to reporting period

On 4 November 2016, the Group entered into a provisional sale and purchase agreement to acquire a shop at No. 166 Sai Yeung Choi Street South, Mongkok at a consideration of HK\$83.3 million, completion of which will take place on 30 December 2016.

On 7 November 2016, the Group entered into a sale and purchase agreement to acquire the share and a shareholder's loan of a company which principally holds, through its wholly-owned subsidiary, an office premise located at 30th Floor of United Centre, No. 95 Queensway, Hong Kong, at a consideration of approximately HK\$512.2 million, completion of which will take place on 25 January 2017.

Save as above, there is no any material events affecting the Group which have occurred since the end of the financial period and up to the date of this announcement. The management of the Group will continue to pursue opportunities to acquire quality investment properties to strengthen the recurrent income portfolio.

Reference is also made to the Prospectus, in which it was stated that as at 21 March 2016, the Remaining WOG Group owned a total of 48 residential investment properties (“**Excluded Properties**”) which were not injected into the Group as part of the spin-off listing of the Company in April 2016. The Company has been informed by the Remaining WOG Group that seven out of these 48 Excluded Properties had been sold as at 23 November 2016. Three of these seven properties were delivered and the others will be completed in December 2016, January 2017 and February 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group's total assets less current liabilities were approximately HK\$4,339.6 million (31 March 2016: approximately HK\$3,622.7 million) and the current ratio increased from approximately 6.9 times as at 31 March 2016 to approximately 8.6 times as at 30 September 2016. As at 30 September 2016, the Group had cash and cash equivalents of approximately HK\$707.5 million (31 March 2016: approximately HK\$475.8 million).

Aggregate bank borrowings as at 30 September 2016 amounted to approximately HK\$1,793.6 million (31 March 2016: approximately HK\$1,649.4 million) and bear a floating interest rate. The gearing ratio was approximately 45.7% (31 March 2016: approximately 57.7%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2016, the Group's investment properties and properties under development, with carrying value of approximately HK\$562.9 million and HK\$3,094.3 million, respectively (31 March 2016: approximately HK\$527.5 million and HK\$2,910.5 million, respectively) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2016 amounted to approximately HK\$1,217.3 million (31 March 2016: approximately HK\$127.5 million). The Group had no significant contingent liabilities as at the end of the reporting period.

The Group strengthens and improves its risk control on a continual basis and adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's smooth operation, as well as flexibility to respond to market opportunities and uncertainties. The management of the Group is of the opinion that the Group's existing financial structure and resources are healthy and sufficient for the Group's needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2016, interest-bearing debt profile of the Group was analysed as follows:

	Outstanding amount <i>(HK\$ million)</i>	Approximate effective interest rate <i>(per annum)</i>	Maturity date
Financial institution borrowings	1,793.6	2.0%	On demand or from 2016 to 2025
Non-financial institution borrowings	<u>256.0</u>	6.0%	2018
Total	<u><u>2,049.6</u></u>		

In order to meet the interest-bearing debts, business capital expenditure and funding needs for, *inter alia*, replenish of our land bank, enhance our portfolio of properties for investment and/or payment of construction costs for the development of our property development projects, the Group had been from time to time considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes issuance, other debt financial instruments, and disposal of properties.

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow, issuance of shares and interest-bearing bank and other borrowings during the period are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollar. The revenue of the Group, being mostly denominated in Hong Kong dollar, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 54 (31 March 2016: 56) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund (“MPF”) as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

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

Save for the subsidiaries of the Company as well as the acquisition of two new properties as mentioned above, there was no significant investments held, nor was there any material acquisitions or disposals of subsidiaries during the reviewing period. During the reviewing period, the Board has not yet authorised any plan for other material investments or additions of capital assets.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Company has listed its shares on the Stock Exchange on 12 April 2016. Net proceeds from the Share Offer were approximately HK\$310.8 million (after deduction of the underwriting commission and relevant expenses), which are intended to be applied in the manner as disclosed in the Prospectus of the Company. As at 23 November 2016, the net proceeds from the Share Offer were utilised as follows:

	Actual net proceeds <i>HK\$ million</i>	Amount utilised as at the date of this announcement <i>HK\$ million</i>	Amount unutilised as at the date of this announcement <i>HK\$ million</i>
Acquisition of suitable development site(s) in Hong Kong to replenish our land bank for our property development business	230.0	—	230.0
Acquisition of properties for investment to enhance our portfolio of properties for investment	50.7	50.7	—
General working capital of the Group	<u>30.1</u>	<u>8.4</u>	<u>21.7</u>
TOTAL	<u>310.8</u>	<u>59.1</u>	<u>251.7</u>

The unutilised net proceeds from the Share Offer have been deposited in the bank accounts of the Group.

PROSPECTS

The Hong Kong property market stabilised during the period under review and was mainly dominated by residential sales in the primary market. However, the government has announced to increase the stamp duty on the purchase of the second unit of residential property in early November 2016. It is expected that the residential property prices will be subject to market-driven adjustments in short term. Based on the past records, in addition to the concrete demand from new home buyers and relatively low-interest environment, the residential market is expected to stabilise after the adjustment.

The Group will stay active in participating in land tenders hosted by the government and looking for opportunities in property acquisition to replenish our land bank for a sustainable development of our real estate business. In respect of investment properties, the Group will continue to look for potential properties in different districts for recurrent income and capital appreciation.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save under the Share Offer, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2016.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2016 of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the websites of HKExnews (www.hkexnews.hk) and the Company (www.woproperties.com). The 2016 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
CHAN CHUN HONG
Chairman

Hong Kong, 23 November 2016

As at the date of this announcement, the Board comprises two executive directors of the Company, namely Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong; one non-executive director of the Company, namely Mr. Chan Chun Hong; and three independent non-executive directors of the Company, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung.