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WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTERIM FINANCIAL HIGHLIGHTS

The Group's profit attributable to the Company's owners for the six months ended 30 September 2017, amounted to HK\$903.9 million, compared to HK\$11.4 million for the corresponding period in 2016. The earnings per share was HK5.95 cents, compared to HK0.08 cent for the corresponding period in 2016.

The Group's equity attributable to the Company's owners at 30 September 2017 amounted to HK\$3,307.1 million, compared to HK\$2,403.4 million at 31 March 2017. The net asset value per share was HK\$0.22, compared to HK\$0.16 at 31 March 2017.

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 2017, together with the comparative figures for the corresponding period in 2016. 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 2017

		Six months ended	
		30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	12,071	60,305
Cost of sales		<u>(1,801)</u>	<u>(26,786)</u>
Gross profit		10,270	33,519
Other income and gains, net	4	930,934	4,043
Selling and distribution expenses		(11,290)	(37,215)
Administrative expenses		(50,008)	(39,723)
Finance costs	5	(29,407)	(3,694)
Fair value gains on investment properties, net		52,938	2,398
Share of loss of a joint venture		(710)	—
Reversal of write-down of properties under development		<u>—</u>	<u>44,411</u>
PROFIT BEFORE TAX	6	902,727	3,739
Income tax credit/(expense)	7	<u>1,325</u>	<u>(248)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>904,052</u>	<u>3,491</u>
Profit and total comprehensive income attributable to:			
Owners of the parent		903,850	11,425
Non-controlling interests		<u>202</u>	<u>(7,934)</u>
		<u>904,052</u>	<u>3,491</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		(restated)
Basic and diluted		<u>HK5.95 cents</u>	<u>HK0.08 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2017

	30 September	31 March
	2017	2017
	(Unaudited)	(Audited)
<i>Note</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,285	1,314
Investment properties	1,568,800	1,229,300
Properties under development	33,157	415,004
Investment in a joint venture	714,862	—
Deposit and other receivables	6,626	32,844
Deferred tax assets	13,709	10,950
	<u>2,338,439</u>	<u>1,689,412</u>
Total non-current assets		
CURRENT ASSETS		
Properties under development	3,704,605	3,103,588
Prepayments, deposits and other receivables	1,239,116	1,874,491
Tax recoverable	2,442	3,331
Cash and cash equivalents	1,439,267	1,357,233
	<u>6,385,430</u>	<u>6,338,643</u>
Assets of a disposal group classified as held for sale	2,652,625	—
	<u>9,038,055</u>	<u>6,338,643</u>
Total current assets		
CURRENT LIABILITIES		
Trade payables	139,400	45,363
Other payables and accruals	13,460	11,595
Deposits received and receipts in advance	3,466,446	2,709,175
Interest-bearing bank and other loans	452,223	432,502
Tax payable	21,099	21,515
	<u>4,092,628</u>	<u>3,220,150</u>
Liabilities directly associated with the assets classified as held for sale	1,431,692	—
	<u>5,524,320</u>	<u>3,220,150</u>
Total current liabilities		
NET CURRENT ASSETS	<u>3,513,735</u>	<u>3,118,493</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,852,174</u>	<u>4,807,905</u>

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,852,174</u>	<u>4,807,905</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	2,553,362	2,413,416
Deferred tax liabilities	<u>3,217</u>	<u>2,875</u>
Total non-current liabilities	<u>2,556,579</u>	<u>2,416,291</u>
Net assets	<u>3,295,595</u>	<u>2,391,614</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	15,200	15,200
Reserves	<u>3,291,938</u>	<u>2,388,159</u>
	<u>3,307,138</u>	<u>2,403,359</u>
Non-controlling interests	<u>(11,543)</u>	<u>(11,745)</u>
Total equity	<u>3,295,595</u>	<u>2,391,614</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017

1. 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 of Hong Kong Limited (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 2017.

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 2017, 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 revised HKFRSs as disclosed in note 2 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments in relation to HKFRS 12 — <i>Disclosure of Interest in Other Entities</i>

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

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

3. 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.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the six months ended 30 September 2017 and 2016, and the non-current assets of the Group were located in Hong Kong as at 30 September 2017 and 31 March 2017.

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	
	2017	2016	2017	2016	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	2,133	47,822	9,938	12,483	12,071	60,305
Other revenue	927,071	3,327	52,575	2,043	979,646	5,370
Total	<u>929,204</u>	<u>51,149</u>	<u>62,513</u>	<u>14,526</u>	<u>991,717</u>	<u>65,675</u>
Segment results	<u>896,207</u>	<u>11,336</u>	<u>56,210</u>	<u>8,539</u>	<u>952,417</u>	<u>19,875</u>
Reconciliation:						
Interest income					4,226	1,071
Finance costs					(29,407)	(3,694)
Corporate and unallocated expenses					(24,509)	(13,513)
Profit before tax					902,727	3,739
Income tax credit/(expense)					1,325	(248)
Profit for the period					<u>904,052</u>	<u>3,491</u>
Other segment information:						
Depreciation	163	19	—	—	163	19
Reversal of write-down of properties under development	—	44,411	—	—	—	44,411
Share of loss of a joint venture	(710)	—	—	—	(710)	—
Capital expenditure*	134	255	288,700	—	288,834	255
Fair value gains on investment properties, net	<u>363</u>	<u>363</u>	<u>52,575</u>	<u>2,035</u>	<u>52,938</u>	<u>2,398</u>

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

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents proceeds from the sale of properties and gross rental 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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue		
Sale of properties	—	48,140
Gross rental income	<u>12,071</u>	<u>12,165</u>
	<u>12,071</u>	<u>60,305</u>
Other income and gains, net		
Interest income	4,226	1,071
Forfeiture of deposits from customers	167	2,311
Gain on disposal of a subsidiary	457,143	—
Gain on remeasurement of 50% equity interest retained in Wonder Sign Group as a joint venture	467,039	—
Management fee income	2,132	—
Others	<u>227</u>	<u>661</u>
	<u>930,934</u>	<u>4,043</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on bank and other loans	51,324	28,526
Less: interest capitalised	<u>(21,917)</u>	<u>(24,832)</u>
	<u>29,407</u>	<u>3,694</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of properties sold	—	25,730
Depreciation	163	19
Minimum lease payments under operating leases	5,052	2,673
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>1,801</u>	<u>1,056</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	636	3,700
Underprovision in the prior periods	2	—
Deferred	<u>(1,963)</u>	<u>(3,452)</u>
Total tax charge/(credit) for the period	<u>(1,325)</u>	<u>248</u>

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

The calculation of basic earnings per share for the six months ended 30 September 2017 is based on the profit for the period attributable to owners of the parent of HK\$903,850,000 (six months ended 30 September 2016: HK\$11,425,000), and the weighted average number of ordinary shares of 15,200,000,000 (six months ended 30 September 2016: 14,971,584,700 (restated)) in issue during the six months ended 30 September 2017.

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 1,000,000 (restated) ordinary shares of the Company issued on 2 December 2015, 11,399,000,000 (restated) ordinary shares of the Company issued by capitalisation issue, on the assumption that these shares had been in issue throughout the six months ended 30 September 2016, and the share subdivision had been completed on 1 April 2016, and the weighted average number of 3,571,584,700 (restated) ordinary shares of the Company issued upon the completion of the listing of the Company.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 September 2017 and 2016.

10. 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 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within 30 days	<u>139,400</u>	<u>45,363</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.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2017 amounted to approximately HK\$12.1 million (six months ended 30 September 2016: approximately HK\$60.3 million). Profit attributable to owners of the parent for the reporting period was approximately HK\$903.9 million (six months ended 30 September 2016: approximately HK\$11.4 million). The notable increase in the profit recorded was primarily attributable to a gain on disposal of 50% shareholdings of a subsidiary holding a property development project — Nos. 13 and 15 Sze Shan Street, Yau Tong. 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\$2.1 million (six months ended 30 September 2016: approximately HK\$47.8 million).

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\$4.0 billion as at the date of this announcement.

The two projects are positioned as trendy hotel-style residence, targeting young residents pursuing high quality, healthy and convenient lifestyle. They are now in final stage of construction and expected to be completed and ready for occupation in 2018.

For the Met. Blossom project, approximately 99% of the units released were sold and the contracted pre-sales amounted to approximately HK\$2.5 billion. As at the date of this announcement, over 70% of the pre-sold units were fully paid. 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, all of the 364 units released were sold and the contracted pre-sales amounted to approximately HK\$1.5 billion. As at the date of this announcement, over 70% of the pre-sold units were fully paid. 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. Acappella, the Group's recent third residential project in Sha Tin district at Tai Po Road — Tai Wai Section (Sha Tin Town Lot No. 587), the pre-sale consent has been obtained in mid-October and is launching for pre-sale. The Met. Acappella is a residential building consisting of two wings of 12 and 13-storeys respectively, offering 336 units. It comprises diversified unit layouts including studios, one-bedroom units and one-bedroom (with store room or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of neighbouring areas, enabling residents to breathe fresh air and to enjoy breathtaking green views in this bustling city. With the excellent and convenient transport network, the Met. Acappella also allows residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle.

The site at 575–575A Nathan Road, Mongkok has completed the foundation works and is undergoing the construction of superstructure. The site will be developed into another 19-floor Ginza type commercial complex and is expected to be completed by end of 2017.

The Group has reached a consensus with the Lands Department regarding land premium of the redevelopment project — Nos. 13 and 15 Sze Shan Street, Yau Tong in June 2017. The premium payment amounted to approximately HK\$983.0 million. On 7 June 2017, Swift Prosper Limited (the “**Vendor**”), an indirectly wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “**Agreement**”) with Xu Qi Co. Limited (the “**Purchaser**”), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 50% of entire issued share capital and the shareholder's loan of Wonder Sign Limited (“**Wonder Sign**”), the then indirectly wholly-owned subsidiary of the Company, for the consideration of approximately HK\$713.7 million. Wonder Sign is an investment holding company and its sole business is the holding of the entire issued share capital of Double Bright Limited (“**Double Bright**”), the then indirectly wholly-owned subsidiary of the Company. Double Bright is the registered owner of project at Nos. 13 and 15, Sze Shan Street, Yau Tong. Completion took place simultaneously upon signing of the Agreement on 7

June 2017. Details of the transaction were set out in the joint announcement published by the Company and Wang On Group Limited (“**WOG**”) on 7 June 2017 and the circular of WOG dated 26 July 2017. The construction work is resumed and foundation is undergoing.

On 19 May 2017, the Group has successfully acquired the entire issued share capital and the shareholders’ loans of Loyal Pioneer Limited (“**LPL**”), the holding company of the site at Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601). The site will be developed as a residential project with site area of approximately 253,000 square feet and estimated gross floor area of approximately 387,500 square feet.

On 8 September 2017, the Group has entered into an agreement to sell 60% of the entire issued share capital and the shareholder’s loan of Ease Mind Investments Limited (“**Ease Mind**”), an indirectly wholly-owned subsidiary of the Company and is the immediate holding company of LPL, to Clear Idea International Limited, at the consideration of approximately HK\$2,441.3 million. Details of the transaction were set out in the circular of the Company dated 12 October 2017.

As at 31 October 2017, the Group had a development land portfolio as follows:

Location	Approximate Site Area <i>(Square feet)</i>	Approximate Gross Floor Area <i>(Square feet)</i>	Intended Usage	Anticipated Year of Completion
575–575A Nathan Road, Mongkok	2,100	25,000	Commercial	2017
Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598)	33,300	115,000	Residential	2018
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	200,000	Residential	2018
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019
Nos. 13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020

The Group will continue to monitor the market and global economic changes and strengthen its property development segment. Other than public tender, the Group will also explore any opportunity in old building acquisition, land use conversion and joint development.

Property Investment

As at 30 September 2017, 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\$1,568.8 million (31 March 2017: approximately HK\$1,229.3 million).

During the period under review, the Group received gross rental income of approximately HK\$12.1 million (six months ended 30 September 2016: approximately HK\$12.2 million).

On 20 February 2017, the Group entered into a sale and purchase agreement to acquire the entire issued share capital and the shareholders' loans of a company which principally holds, office units and carparks units located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK\$274.5 million. Completion took place on 25 April 2017.

References are also made to the prospectus of the Company dated 30 March 2016 and the Company's 2017 annual report, WOG, through its subsidiaries (excluding the Group), owned the remaining of 30 residential investment properties as at 21 June 2017 ("**Excluded Properties**") which were not injected into the Group as part of the spin-off listing of the Company. The Company has been informed by WOG that two out of these 30 Excluded Properties had been sold as of 21 November 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group's total assets less current liabilities were approximately HK\$5,852.2 million (31 March 2017: approximately HK\$4,807.9 million) and the current ratio was approximately 1.64 times as at 30 September 2017 (31 March 2017: approximately 1.97 times). As at 30 September 2017, the Group had cash and cash equivalents of approximately HK\$1,442.9 million (31 March 2017: approximately HK\$1,357.2 million).

Aggregate bank borrowings as at 30 September 2017 amounted to approximately HK\$4,414.2 million (31 March 2017: approximately HK\$2,817.1 million). The gearing ratio was approximately 89.8% (31 March 2017: approximately 60.7%), 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 2017, the Group's investment properties and properties under development, with carrying value of approximately HK\$1,549.3 million and HK\$4,155.8 million (31 March 2017: approximately HK\$1,210.1 million and HK\$1,756.7 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2017 amounted to approximately HK\$861.3 million (31 March 2017: approximately HK\$2,251.7 million). The Group has given guarantee to banks in connection with a facility granted to Double Bright up to HK\$992.0 million and the banking facility guaranteed by the Group to Double Bright was utilised to the extent of HK\$480.5 million 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 2017, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans repayable:		
Within one year	1,822,425	361,251
In the second year	201,095	122,037
In the third to fifth years, inclusive	2,067,874	2,102,345
Beyond five years	<u>322,769</u>	<u>231,440</u>
	<u>4,414,163</u>	<u>2,817,073</u>
Other loans repayable:		
Within one year	<u>9,397</u>	<u>28,845</u>
	<u>4,423,560</u>	<u>2,845,918</u>

The effective interest rate of bank loans is approximately 2.3% per annum (31 March 2017: approximately 2.3%) and other loans carries at a fixed interest rate of 6% per annum (31 March 2017: 6%).

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank 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 dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activity during the period under review.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 92 (31 March 2017: 57) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group may provide discretionary bonuses and share options based on individual performance and its business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for the Group's eligible employees in Hong Kong.

PROSPECTS

The Hong Kong residential market recorded continuous growth in both property price and number of transactions. The Centa-City Leading Index has increased by approximately 11% during the first three quarters of 2017. Nonetheless, the various uncertainties such as planned scale-back of balance sheet of U.S. Federal Reserve, Brexit negotiations, control measures released by Hong Kong government may impact the development pace.

The Group is confident on the property market and believes that moderate adjustments would be healthy to the market growth in the long run.

According to the rental indices published by Rating and Valuation Department, both the rents and price of retail shops and Grade-A office units are growing from last year. The Group will continue to seek for investments with steady recurrent income and capital appreciation to strengthen the property investment portfolio.

The Group will continue to monitor the market changes and adjust the investment strategies to capture the development opportunities and aims to achieve solid returns to its shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2017.

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 2017.

The Group is committed to maintaining a high standard of corporate governance 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 under review.

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 condensed consolidated financial statements for the six months ended 30 September 2017 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

The interim results announcement is published on the websites of HKExnews (www.hkexnews.hk) and the Company (www.woproperties.com). The 2017 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, 21 November 2017

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.