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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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

#### ANNUAL FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2018 <i>HK\$ million</i>	For the year ended 31 March 2017 <i>HK\$ million</i>	Change
Revenue	1,352	152	+789%
Gross profit	506	60	+743%
Net profit attributable to shareholders	1,808	39	+4,536%
Earnings per share ( <i>HK cents</i> )			
Basic	11.90	0.26	+4,477%
Diluted	11.90	0.26	+4,477%
Dividend per share ( <i>HK cents</i> )			
Final	0.65	–	–
Special	1.0	–	–
	As at 31 March 2018 <i>HK\$ million</i>	As at 31 March 2017 <i>HK\$ million</i>	
Total net asset value	4,184	2,392	+75%
Net asset value per share ( <i>HK\$</i> )	0.28	0.16	+75%

#### RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Wang On Properties Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018, together with the comparative figures for the previous financial year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*Year ended 31 March 2018*

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>REVENUE</b>	4	<b>1,351,843</b>	152,417
Cost of sales		<u>(845,417)</u>	<u>(92,464)</u>
Gross profit		<b>506,426</b>	59,953
Other income and gains, net	4	<b>1,742,612</b>	12,792
Selling and distribution expenses		<b>(75,980)</b>	(52,669)
Administrative expenses		<b>(106,348)</b>	(71,157)
Finance costs	6	<b>(62,943)</b>	(12,333)
Fair value gains on investment properties, net		<b>2,081</b>	43,213
Share of losses of joint ventures		<b>(895)</b>	–
Reversal of write-down of properties under development		<u>–</u>	<u>44,411</u>
<b>PROFIT BEFORE TAX</b>	5	<b>2,004,953</b>	24,210
Income tax credit/(expense)	7	<u>(60,582)</u>	<u>4,175</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>1,944,371</b></u>	<u>28,385</u>
Profit and total comprehensive income attributable to:			
Owners of the parent		<b>1,808,456</b>	38,816
Non-controlling interests		<u><b>135,915</b></u>	<u>(10,431)</u>
		<u><b>1,944,371</b></u>	<u>28,385</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted		<u><b>HK11.90 cents</b></u>	<u>HK0.26 cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	<i>Note</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>95,476</b>	1,314
Investment properties		<b>759,000</b>	1,229,300
Properties under development		<b>152,997</b>	415,004
Investments in joint ventures		<b>1,413,350</b>	–
Loan receivable		<b>600,000</b>	–
Deposit and other receivable		<b>7,320</b>	32,844
Deferred tax assets		<b>18,592</b>	10,950
		<hr/>	<hr/>
Total non-current assets		<b>3,046,735</b>	1,689,412
<b>CURRENT ASSETS</b>			
Properties under development		<b>2,599,460</b>	3,103,588
Properties held for sale		<b>719,080</b>	–
Prepayments, deposits and other receivables		<b>1,463,650</b>	1,874,491
Tax recoverable		<b>260</b>	3,331
Cash and cash equivalents		<b>1,553,803</b>	1,357,233
		<hr/>	<hr/>
		<b>6,336,253</b>	6,338,643
<b>Assets of disposal subsidiaries classified as held for sale</b>			
		<b>764,714</b>	–
		<hr/>	<hr/>
Total current assets		<b>7,100,967</b>	6,338,643
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>10</i>	<b>159,187</b>	45,363
Other payables and accruals		<b>32,814</b>	11,595
Deposits received and receipts in advance		<b>2,276,270</b>	2,709,175
Interest-bearing bank and other loans		<b>537,402</b>	432,502
Tax payable		<b>84,037</b>	21,515
		<hr/>	<hr/>
		<b>3,089,710</b>	3,220,150
<b>Liabilities directly associated with the assets classified as held for sale</b>			
		<b>311,322</b>	–
		<hr/>	<hr/>
Total current liabilities		<b>3,401,032</b>	3,220,150
<b>NET CURRENT ASSETS</b>			
		<b>3,699,935</b>	3,118,493
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>6,746,670</b>	4,807,905
		<hr/>	<hr/>

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	<b>164,958</b>	–
Interest-bearing bank and other loans	<b>2,397,053</b>	2,413,416
Deferred tax liabilities	<b>745</b>	2,875
	<hr/>	<hr/>
Total non-current liabilities	<b>2,562,756</b>	2,416,291
	<hr/>	<hr/>
Net assets	<b>4,183,914</b>	2,391,614
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>15,200</b>	15,200
Reserves	<b>4,044,544</b>	2,388,159
	<hr/>	<hr/>
	<b>4,059,744</b>	2,403,359
	<hr/>	<hr/>
Non-controlling interests	<b>124,170</b>	(11,745)
	<hr/>	<hr/>
Total equity	<b>4,183,914</b>	2,391,614
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## NOTES TO FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These financial statements 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 Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties, which have been measured at fair value; and (ii) disposal groups held for sale which are stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made a note to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

## 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 resource 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, 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 years ended 31 March 2018 and 2017, and the non-current assets of the Group were located in Hong Kong as at 31 March 2018 and 2017.

Year ended 31 March

	Property development		Property investment		Total	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	1,333,515	46,039	18,328	106,378	1,351,843	152,417
Other revenue	1,693,181	15,924	34,317	36,515	1,727,498	52,439
Total	<u>3,026,696</u>	<u>61,963</u>	<u>52,645</u>	<u>142,893</u>	<u>3,079,341</u>	<u>204,856</u>
<b>Segment results</b>	<u>2,052,165</u>	<u>(2,593)</u>	<u>43,739</u>	<u>53,259</u>	<u>2,095,904</u>	<u>50,666</u>
<i>Reconciliation:</i>						
Interest income					17,195	3,566
Finance costs					(62,943)	(12,333)
Corporate and unallocated expenses					(45,203)	(17,689)
Profit before tax					2,004,953	24,210
Income tax credit/(expense)					(60,582)	4,175
Profit for the year					<u>1,944,371</u>	<u>28,385</u>

	Property development		Property investment		Unallocated		Total	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Other segment information</b>								
Depreciation	60	92	-	-	831	-	891	92
Reversal of write-down of properties under development	-	44,411	-	-	-	-	-	44,411
Capital expenditure*	131	1,336	287,398	608,115	95,662	-	383,191	609,451
Fair value gains/(losses) on investment properties, net	(31,274)	6,726	33,355	36,487	-	-	2,081	43,213
Gains on disposals of subsidiaries, net	1,247,461	-	-	-	-	-	1,247,461	-
Gain on remeasurement of the 50% equity interest in the Wonder Sign Limited and its subsidiary ("WS Group") retained by the Group classified as a joint venture	467,039	-	-	-	-	-	467,039	-
Share of losses of joint ventures	895	-	-	-	-	-	895	-
Investments in joint ventures	1,413,350	-	-	-	-	-	1,413,350	-

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

#### Information about major customers

During the current year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue. During the prior year, revenue of HK\$41,440,000 was derived from sales to a single external customer of the property development segment.

#### 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Revenue</b>		
Sale of properties	1,329,255	126,470
Gross rental income	22,588	25,947
	<u>1,351,843</u>	<u>152,417</u>
<b>Other income and gains, net</b>		
Interest income from bank deposits	12,747	3,566
Interest income from a loan receivable	4,448	–
Forfeiture of deposits from customers	3,053	8,232
Management fee income	5,807	–
Gains on disposals of subsidiaries, net	1,247,461	–
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture	467,039	–
Others	2,057	994
	<u>1,742,612</u>	<u>12,792</u>

#### 5. PROFIT BEFORE TAX

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of properties sold	841,518	90,864
Depreciation	891	92
Write-off of property, plant and equipment	740	–
Minimum lease payments under operating leases	10,016	8,699
Auditor's remuneration	1,950	1,850
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	61,421	54,140
Pension scheme contributions	1,073	849
Less: Amount capitalised	(11,214)	(11,457)
	<u>51,280</u>	<u>43,532</u>
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>3,899</u>	<u>1,600</u>



## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on bank loans and other loans	<b>126,864</b>	64,300
Less: Interest capitalised	<b>(63,921)</b>	(51,967)
	<b>62,943</b>	12,333

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	<b>67,459</b>	5,418
Underprovision/(overprovision) in prior years	<b>76</b>	(522)
	<b>67,535</b>	4,896
Deferred	<b>(6,953)</b>	(9,071)
Total tax expense/(credit) for the year	<b>60,582</b>	(4,175)

## 8. DIVIDENDS

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Special dividend – HK1.0 cent (2017: Nil) per ordinary share	<b>152,000</b>	–
Proposed final dividend – HK0.65 cent (2017: Nil) per ordinary share	<b>98,800</b>	–
	<b>250,800</b>	–

The final dividend proposed subsequent to the reporting period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the end of the reporting period. A special dividend of HK1.0 cent (2017: Nil) per ordinary share was declared and paid during the year.

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

The calculation of basic earnings per share for the year ended 31 March 2018 is based on the profit for the year attributable to owners of the parent of HK\$1,808,456,000 (2017: HK\$38,816,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2017: 15,085,479,452).

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2017 was based on the assumption that the reorganisation and the capitalisation issue in connection with the listing of the shares of the Company and the share subdivision had been completed on 1 April 2015.

No adjustment has been made to the basic earnings per share presented for the year ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 10. TRADE PAYABLES

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	<u>159,187</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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

For the financial year ended 31 March 2018, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$1,351.8 million (2017: approximately HK\$152.4 million) and approximately HK\$1,808.5 million (2017: approximately HK\$38.8 million), respectively.

### **DIVIDENDS**

The Board has recommended the payment of a final dividend of HK0.65 cent (2017: Nil) per ordinary share for the year ended 31 March 2018 to shareholders whose names appear on the register of members of the Company as of Thursday, 6 September 2018. The final dividend will be paid on or around Monday, 17 September 2018, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 August 2018. Together with the special dividend of HK1.0 cent paid on 16 March 2018 (2016: Nil) per ordinary share, the total dividends for the year ended 31 March 2018 will be HK1.65 cents (2017: Nil) per ordinary share.

### **BUSINESS REVIEW**

The Group's revenue for the year ended 31 March 2018 amounted to approximately HK\$1,351.8 million (2017: approximately HK\$152.4 million), which represented a significant increase of approximately HK\$1,199.4 million compared with last year. This was mainly attributable to completion and delivery of one of the Ma On Shan projects, The Met. Bliss (Hang Kwong Street, Ma On Shan) in March 2018. Profit attributable to owners of the parent for the year was approximately HK\$1,808.5 million (2017: approximately HK\$38.8 million). The remarkable increase in profit recorded was attributable to the profit recognition of The Met. Bliss and the gain on disposal of 50% and 60% shareholdings of two subsidiaries which hold the property development projects, Nos. 13 and 15 Sze Shan Street, Yau Tong and Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601), respectively. The review of the individual business segments of the Group is set out below.

#### **Property Development**

Revenue recognised in this business segment during the year amounted to approximately HK\$1,333.5 million (2017: approximately HK\$46.0 million) which was contributed mainly by completion and delivery of The Met. Bliss. The Group owns 60% equity interest in this development project and the results and financial position are consolidated into the financial statements of the Group.

The contracted pre-sales of The Met. Blossom (Ma Kam Street, Ma On Shan), another Ma On Shan project, (which will be recognised (subject to audit) as revenue of the Group upon completion and delivery) amounted to approximately HK\$2.5 billion as at the date of this announcement. The project is expected to be delivered in the third quarter of 2018. The Group owns 60% equity interest in this development project and the results and financial position are consolidated into the financial statements of the Group. The Group is responsible for the project management of these two Ma On Shan projects.

The Group's third residential project in the Sha Tin district, the site at Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587), The Met. Acappella has launched the pre-sales in November 2017. As at the date of this announcement, 287 out of 305 units released were sold and the contracted pre-sales (which will be recognised (subject to audit) as revenue of the Group upon completion and delivery) amounted to approximately HK\$1.9 billion. The Met. Acappella is a residential building consisting of two wings of 12-storeys and 13-storeys respectively, offering around 336 units. It comprises diversified unit layouts including studios, one-bedroom units, one-bedroom (with storeroom 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 its residents to enjoy fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows its residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle. The project is undergoing the construction of the superstructure and is expected to be completed in 2019.

The site at Nos. 575-575A Nathan Road, Mongkok has completed the construction works and the occupation permit was granted in February 2018 and classified as properties held for sale. This development is a 19-floor Ginza type commercial complex under the brand “Ladder”.

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 land 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**”, an indirectly wholly-owned subsidiary of CIFI Holdings (Group) Co. Ltd.), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 50% of entire issued share capital and the assignment of 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 the 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 project has completed the foundation works and is undergoing the construction of superstructure. This development project is expected to be completed in 2020. The Group is responsible for the project management of this project.

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 into a residential project with a site area of approximately 253,000 square feet and an estimated gross floor area of approximately 388,000 square feet. On 8 September 2017, the Group has

entered into an agreement to sell 60% of the entire issued share capital and the assignment of the shareholder's loan of Ease Mind Investments Limited ("**Ease Mind**"), the then indirectly wholly-owned subsidiary of the Company and the immediate holding company of LPL, to Clear Idea International Limited (an indirect wholly-owned subsidiary of Country Garden Holdings Company Ltd.), 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. The site is undergoing the foundation works.

Upon completion of the above disposals of Wonder Sign and its subsidiary ("**WS Group**") and Ease Mind and its subsidiary ("**EM Group**"), WS Group and EM Group ceased to be subsidiaries of the Group, therefore result in the deconsolidation of the assets and liabilities of WS Group and EM Group from the consolidated financial statements of the Group, then accounted for as joint ventures of the Group.

In December 2017 and March 2018, Rich United Limited ("**Rich United**"), an indirectly wholly-owned subsidiary of the Company, has entered into separate sales and purchase agreements for the acquisition of all of the 16 properties located at Nos. 86A-86D Pokfulam Road, Hong Kong. On 19 April 2018, Silver Surplus Limited, an indirectly wholly-owned subsidiary of the Company, has entered into an agreement to sell 30% of the entire issued share capital and the assignment of the shareholder's loan of Golden Noble Investments Limited, the then indirectly wholly-owned subsidiary of the Company and holding the entire issued share of Rich United indirectly, at the consideration of approximately HK\$103.8 million. Completion took place simultaneously upon signing of the agreement on 19 April 2018. The purchaser is an associate of a director of two non wholly-owned subsidiaries of the Company, which constitutes a connected transaction for the Company. Details of this transaction were set out in the announcement of the Company issued jointly with WOG dated 19 April 2018. On 20 April 2018, Rich United was successfully completed the acquisition and this project will be redeveloped into luxurious properties.

On 12 April 2018, the Group has won the tender for land plot located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) at a total consideration of HK\$867.3 million. The Group intends to develop the land under the exquisite residential property series "The Met.", to build on the brand's remarkable track record, further strengthening the presence of the Group's residential property brand. The land plot is located at Tsing Yi Town Lot No. 192, at the junction of Liu To Road and Hang Mei Street, Tsing Yi. The project occupies approximately 14,400 square feet with an expected total permitted residential and commercial floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and is to provide a public transportation terminal (minibus station).

As at 31 May 2018, the Group had a development land portfolio as follows:

Location	Approximate site area (square feet)	Approximate gross floor area (square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	200,000	Residential	2018	60%
Tai Po Road – Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	100%
Nos. 13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020	40%
Nos. 86A-86D Pokfulam Road Junction of Liu To Road and Hang Mei Street	28,500	28,500	Residential	2021	70%
(Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%

To increase the land banks and achieve sustainable operation, the Group has been exploring different opportunities, including public tender, old building acquisition, land use conversion, etc. The Group will also continue seeking collaboration with external parties to capture the synergies for streamlined costs and heftier revenues. The Group is cautiously optimistic about Hong Kong's property market and will continue to strengthen the quality and branding of the property development projects.

### Property Investment

As at 31 March 2018, 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\$1,517.3 million (2017: approximately HK\$1,229.3 million).

During the year, the Group received a gross rental income of approximately HK\$22.6 million (2017: approximately HK\$25.9 million), representing a decrease of approximately HK\$3.3 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties near the end of the year ended 31 March 2018.

On 7 February 2018, East Run Investments Limited ("**East Run**"), an indirectly wholly-owned subsidiary of the Company, entered into an agreement with an indirectly wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("**WYT**"), in respect of the sale of the entire issued share capital in, and all shareholder's loans owed by four the then directly wholly-owned subsidiaries (the "**Target Companies**") of East Run at a consideration of HK\$350.0 million. The Target Companies are the registered owners of four investment properties located in Mongkok, Causeway Bay, Shau Kei Wan and Tai Po, respectively. Details of the transaction were set out in the circular of the Company dated 29 March 2018. Completion took place on 25 April 2018.

On 29 March 2018, East Run entered into a provisional sale and purchase agreement with an independent third party, to sell the entire issued share capital and assign the benefit of the shareholder's loans of Antic Investment Limited ("**Antic**") for the consideration of HK\$83.8 million. Antic is the registered owner of the investment property located on Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon. Completion will take place on or before 31 July 2018 or such other date both parties may agree in writing.

On 12 April 2018, the Group entered into a preliminary agreement with an independent third party to sell the entire issued share capital and the assignment of the shareholder's loan of PT Harvest Holdings Limited ("**PT Harvest**") 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\$324.5 million. Completion of which is expected to be taken place on 8 October 2018.

The assets and liabilities of the Target Companies, Antic and PT Harvest are classified as assets of disposal subsidiaries classified as held for sale and liabilities directly associated with the assets classified as held for sale, respectively.

The Group will continue to review the portfolio of investment properties for both the recurring income and capital appreciation.

Reference is also made to the prospectus of the Company dated 30 March 2016, 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 WOG that 27 out of these 48 Excluded Properties were sold as of 31 March 2018. One of these 27 properties was completed and delivered to the buyer in May 2018.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2018, the Group's total assets less current liabilities were approximately HK\$6,746.7 million (2017: approximately HK\$4,807.9 million) and the current ratio was approximately 2.09 times as at 31 March 2018 (2017: approximately 1.97 times). As at 31 March 2018, the Group had cash and cash equivalents of approximately HK\$1,558.8 million (2017: approximately HK\$1,357.2 million).

Aggregate bank borrowings as at 31 March 2018 amounted to approximately HK\$3,224.0 million (2017: approximately HK\$2,817.1 million). The gearing ratio was approximately 41.0% (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 31 March 2018, the Group's property, plant and equipments, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$94.4 million, HK\$1,497.3 million, HK\$1,168.3 million and HK\$576.5 million, respectively (2017: investment properties of approximately HK\$1,210.1 million and properties under development of approximately HK\$1,756.7 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2018 amounted to approximately HK\$1,564.4 million (2017: approximately HK\$2,251.6 million). The Group has given guarantee to banks in connection with facilities granted to Double Bright and LPL up to HK\$2,158.8 million and were utilised to the extent of HK\$1,033.3 million as at 31 March 2018.

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 31 March 2018, interest-bearing debt profile of the Group was analysed as follows:

	<b>31 March 2018</b>	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans repayable:		
Within one year	<b>780,223</b>	361,251
In the second year	<b>878,382</b>	122,037
In the third to fifth years, inclusive	<b>1,385,649</b>	2,102,345
Beyond five years	<b>179,778</b>	231,440
	<b>3,224,032</b>	2,817,073
Other loans repayable:		
Within one year	<b>13,397</b>	28,845
	<b>3,237,429</b>	2,845,918

The effective interest rate of bank loans is approximately 2.8% per annum (2017: approximately 2.3%) and other loans carries at a fixed interest rate 6%.

## TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the year 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 activities during the year.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2018, the Group had 64 (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 provides 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 as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Group acknowledges our corporate social responsibility to share some burden in building the society where our business has been established and thrived. During the year, the Group has participated different charity activities, e.g. donation of charity mooncakes jointly with WYT, Community Chest Dress Causal Day, Lifewire Charity Run etc. The Group will keep the passion on the contribution of resources and caring to the society.

## **ENVIRONMENTAL MATTERS**

The Group has taken measures to promote environmental-friendliness of the workplace by encouraging paper-recycling culture and energy-saving culture within our Group. The Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including The Met. Bliss, The Met. Blossom, and The Met. Acappella, by engaging a third-party consultancy company for the provision of services in respect of BEAM Plus Certification and other environmental assessments.

For all the development projects, the design and specifications of the Mechanical, Electrical and Plumbing (MEP) systems conform to latest Building Energy Codes. The Group also outsourced all of the construction-related work for our property development projects to independent construction companies. Our contractors in relation to our property development business are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control, drainage control and noise control. They are also required to submit for approval and to subsequently implement a waste management plan for all construction sites of the development projects to ensure the compliance.

## **RISK FACTORS**

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses, including the following highlighted risks:

- our business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong;
- we may not be able to identify and acquire land bank which is suitable and desirable for our future development;
- we generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particular period depends on the mix of properties available for sale;
- we may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects;
- we rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all;
- our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and
- we are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

## **PROSPECTS**

During the reporting year, the Centa-City Leading Index has increased by approximately 17%, despite the impacts of various political and economic factors noted around the world. The acquisition price of both land and properties recorded new high in this year. It proves that demands from new home buyers and trade-up buyers in Hong Kong are concrete and many properties developers remain confident in the property market.

The Group has achieved approximately HK\$4.8 billion contracted sales of residential and commercial properties as at the date of this announcement. It secures and stabilises the revenue and development of the Group in the coming years. In the new financial year, the pre-sale of Yau Tong (Nos. 13 & 15 Sze Shan Street) and Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601) projects are expected to be launched and the Group is confident in the sales price and volume of these two projects.

To replenish the land bank for future development, the Group has successfully acquired several lands and properties as at the date of this announcement. The Group will continue exploring for opportunities in property acquisition and further enhance its operational efficiency and effectiveness to strengthen the real estate business.

The Group continues to capture every opportunity for its development and aims to achieve solid returns to our shareholders.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company recognises the importance of corporate governance and is committed to achieving a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence. The Board believes that good corporate governance practices are fundamental and essential to the success of the Company and the enhancement of its effectiveness and corporate image.

The Company adopted the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Board considered that the Company had complied with the applicable code provisions set out in the CG Code throughout the financial year ended 31 March 2018.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2018 annual report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as 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 financial year under review and up to the date hereof and no incident of non-compliance by the Directors was noted by the Company during the year under review.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**"), comprising all three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, has been established to, *inter alia*, review and approve the consolidated financial statements for the year ended 31 March 2018. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

## SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Company's independent auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing*, *Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the *Hong Kong Institute of Certified Public Accountants* and consequently no assurance has been expressed by Ernst & Young on this announcement.

## ANNUAL GENERAL MEETING

The 2018 annual general meeting of the shareholders of the Company (the "2018 AGM") will be held at Garden Room A–D, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 29 August 2018 at 10:30 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) *for determining eligibility to attend and vote at the 2018 AGM:*

Latest time to lodge transfer documents for registration	:	4:30 p.m., Tuesday, 21 August 2018
Closure of register of members	:	Wednesday, 22 August 2018 to Wednesday, 29 August 2018 (both days inclusive)
Record date	:	Wednesday, 29 August 2018

(b) *for determining entitlement to the proposed final dividend:*

Latest time to lodge transfer documents for registration	:	4:30 p.m., Tuesday, 4 September 2018
Closure of register of members	:	Wednesday, 5 September 2018 to Thursday, 6 September 2018 (both days inclusive)
Record date	:	Thursday, 6 September 2018

In order to be eligible to attend and vote at the 2018 AGM and to qualify for the proposed final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than the respective latest dates and time set out above.

## **PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This final results announcement is published on the websites of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.woproperties.com](http://www.woproperties.com)). The 2018 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders 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, 20 June 2018

*As at the date of this announcement, the Board comprises Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong as executive Directors; Mr. Chan Chun Hong as non-executive Director; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung as independent non-executive Directors.*