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宏 安 地 產
WANG ON PROPERTIES

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 2019

ANNUAL FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2019 *HK$ million*	For the year ended 31 March 2018 *HK$ million*	Change
Revenue	**2,832**	1,352	+109%
Gross profit	**1,149**	506	+127%
Profit attributable to owners of the parent	**500**	1,808	-72%
Earnings per share *(HK cents)*			
Basic	**3.29**	11.90	-72%
Diluted	**3.29**	11.90	-72%
Dividend per share *(HK cent)*			
Final	**0.7**	0.65	+7.7%
Special	**0.945**	1.0	-5%
	As at 31 March 2019 *HK$ million*	As at 31 March 2018 *HK$ million*	
Net asset value	**4,489**	4,184	+7%
Net asset value per share *(HK$)*	**0.30**	0.28	+7%

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 2019, 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 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	4	**2,831,757**	1,351,843
Cost of sales		**(1,683,036)**	(845,417)
Gross profit		**1,148,721**	506,426
Other income and gains, net	4	**61,755**	1,742,612
Selling and distribution expenses		**(127,034)**	(75,980)
Administrative expenses		**(119,197)**	(106,348)
Finance costs	6	**(87,315)**	(62,943)
Fair value gains on investment properties, net		**70,583**	2,081
Share of losses of joint ventures		**(35,576)**	(895)
Reversal of write-down of properties held for sale		**88,856**	—
PROFIT BEFORE TAX	5	**1,000,793**	2,004,953
Income tax expenses	7	**(170,550)**	(60,582)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**830,243**	1,944,371
Profit and total comprehensive income attributable to:			
Owners of the parent		**500,302**	1,808,456
Non-controlling interests		**329,941**	135,915
		830,243	1,944,371
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	**HK3.29 cents**	HK11.90 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**96,910**	95,476
Investment properties		**809,500**	759,000
Properties under development		**1,355,318**	152,997
Investments in joint ventures		**1,385,441**	1,413,350
Loan receivable		**—**	600,000
Prepayments, other receivables and other assets		**402,078**	7,320
Deferred tax assets		**23,041**	18,592
Total non-current assets		**4,072,288**	3,046,735
CURRENT ASSETS			
Properties under development		**3,328,595**	2,599,460
Properties held for sale		**687,167**	719,080
Loan receivable		**600,000**	—
Prepayments, other receivables and other assets		**387,311**	1,463,650
Cost of obtaining contracts		**115,779**	—
Tax recoverable		**292**	260
Cash and cash equivalents		**1,878,905**	1,553,803
		6,998,049	6,336,253
Assets of disposal subsidiaries classified as held for sale		**—**	764,714
Total current assets		**6,998,049**	7,100,967
CURRENT LIABILITIES			
Trade payables	10	**118,043**	159,187
Other payables and accruals		**195,848**	32,814
Deposits received and receipts in advance		**4,547**	2,276,270
Contract liabilities		**1,955,928**	—
Interest-bearing bank and other loans		**1,260,228**	537,402
Tax payable		**253,862**	84,037
		3,788,456	3,089,710
Liabilities directly associated with the assets classified as held for sale		**—**	311,322
Total current liabilities		**3,788,456**	3,401,032
NET CURRENT ASSETS		**3,209,593**	3,699,935
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,281,881**	6,746,670

	2019	2018
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables	**13,184**	164,958
Interest-bearing bank and other loans	**2,777,781**	2,397,053
Deferred tax liabilities	**1,460**	745
Total non-current liabilities	**2,792,425**	2,562,756
Net assets	**4,489,456**	4,183,914
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**15,200**	15,200
Reserves	**4,446,167**	4,044,544
	4,461,367	4,059,744
Non-controlling interests	**28,089**	124,170
Total equity	**4,489,456**	4,183,914

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 their 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 2019. 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4 and *Annual Improvements 2014–2016 Cycle*, which are not relevant to the preparation of the Groups financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

    There was no transition adjustments recognised by the Group against the applicable opening balances in equity at 1 April 2018. The comparative information was not restated and continues to be reported under HKAS 39.

    Upon the adoption of HKFRS 9, the Group's loan and receivables continue to be measured at amortised cost and there was no significant impact on the measurement and classification of financial instruments on the financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

(c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	Notes	Increase/ (decrease) HK$'000
Assets		
Properties under development	*(i)*	54,262
Cost of obtaining contracts	*(ii)*	67,256
Prepayments, other receivables and other assets	*(ii)*	(67,256)
Total assets		54,262
Liabilities		
Contract liabilities	*(i), (iii)*	2,257,289
Deposits received and receipts in advance	*(i), (iii)*	(2,203,027)
Total liabilities		54,262

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 and for the year ended 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no material impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 March 2019:

		Amounts prepared under		
	Notes	HKFRS 15 HK$'000	Previous HKFRS HK$'000	Increase HK$'000
Revenue	(i)	2,831,757	2,764,493	67,264
Cost of sales	(i)	(1,683,036)	(1,615,772)	(67,264)
Gross profit		1,148,721	1,148,721	—

Consolidated statement of financial position as at 31 March 2019:

		Amounts prepared under		
			Previous	**Increase/**
		HKFRS 15	**HKFRS**	**(decrease)**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Properties under development	*(i)*	4,683,913	4,672,324	11,589
Cost of obtaining contracts	*(ii)*	115,779	—	115,779
Prepayment, other receivables and other assets	*(ii)*	789,389	905,168	(115,779)
Total assets		5,589,081	5,577,492	11,589
Deposits received and receipts in advance	*(iii)*	4,547	1,948,886	(1,944,339)
Contract liabilities	*(i), (iii)*	1,955,928	—	1,955,928
Total liabilities		1,960,475	1,948,886	11,589

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the statement of financial position as at 31 March 2019 and the statement of profit or loss for the year ended 31 March 2019 are described below:

(i) Financing component

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, (i) the Group offers property buyers a discount if they opt to pay the purchase price in full within 120–180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant.

The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer taking into account the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer.

Upon adoption of HKFRS 15, the Group has recognised and capitalised the interest on the sales proceeds received from customers in connection with the pre-sales of properties and led to the increase in properties under development of HK$54,262,000, with a correspondence increase in deposits received and receipts in advance (contract liabilities) as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, properties under development increased by HK$11,589,000, with a correspondence increase in contract liabilities as at 31 March 2019. Revenue and cost of sales were increased by HK$67,264,000 and HK$67,264,000, respectively, for the year ended 31 March 2019.

(ii) Cost of obtaining contracts

Prior to the adoption of HKFRS 15, the Group paid commission to the sales agents when the agreement for sale and purchase is signed with a property buyer and recorded such sales commission as a prepayment. Capitalised sales commission was charged to profit or loss when the revenue from the related property sales is recognised and was included as selling and distribution expenses at that time.

Except for the reclassification of prepaid sales commission of HK$67,256,000 from prepayments, other receivables and other assets to cost of obtaining contracts, the adoption of HKFRS 15 has had no significant impact on the recognition of sales commission in 2019 and opening retained profits as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, cost of obtaining the contracts increased by HK$115,779,000, with a correspondence decrease in prepayments, other receivables and other assets.

(iii) Consideration received from customer in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as deposits received and receipts in advance. Under HKFRS 15, the amount is classified as contract liabilities.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$2,203,027,000 from deposits received and receipts in advance to contract liabilities as at 1 April 2018 in relation to the consideration received from customers in advance as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, HK$1,944,339,000 was reclassified from deposits received and receipts in advance to contract liabilities in relation to the consideration received from customers in advance for the sales of properties.

(d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) HK (IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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 in commercial and industrial 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 2019 and 2018, and the non-current assets of the Group were located in Hong Kong as at 31 March 2019 and 2018.

Year ended 31 March

	Property development		**Property investment**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,826,961**	1,333,515	**4,796**	18,328	**2,831,757**	1,351,843
Other income	**42,998**	1,693,181	**55,761**	34,317	**98,759**	1,727,498
Total	**2,869,959**	3,026,696	**60,557**	52,645	**2,930,516**	3,079,341
Segment results	**1,067,050**	2,052,165	**34,062**	43,739	**1,101,112**	2,095,904
Reconciliation						
Interest income					**33,579**	17,195
Finance costs					**(87,315)**	(62,943)
Corporate and unallocated expenses					**(46,583)**	(45,203)
Profit before tax					**1,000,793**	2,004,953
Income tax expense					**(170,550)**	(60,582)
Profit for the year					**830,243**	1,944,371

	Property development		Property investment		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Depreciation	**75**	60	**—**	—	**3,999**	831	**4,074**	891
Reversal of write-down of properties held for sale	**88,856**	—	**—**	—	**—**	—	**88,856**	—
Capital expenditure*	**39**	131	**—**	287,398	**5,500**	95,662	**5,539**	383,191
Fair value gains/(losses) on investment properties, net	**24,063**	(31,274)	**46,520**	33,355	**—**	—	**70,583**	2,081
Gains on disposals of subsidiaries, net	**—**	1,247,461	**9,140**	—	**—**	—	**9,140**	1,247,461
Gain on remeasurement of the 50% equity interest in Wonder Sign Limited and its subsidiary (the "**WS Group**") retained by the Group classified as a joint venture	**—**	467,039	**—**	—	**—**	—	**—**	467,039
Share of losses of joint ventures	**35,576**	895	**—**	—	**—**	—	**35,576**	895
Investments in joint ventures	**1,385,441**	1,413,350	**—**	—	**—**	—	**1,385,441**	1,413,350

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

Information about major customers

During the years ended 31 March 2019 and 31 March 2018, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. REVENUE AND OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**2,823,584**	1,329,255
Revenue from an other source		
Rental income	**8,173**	22,588
	2,831,757	1,351,843

Revenue from contracts with customers

(i) Disaggregated revenue information

All revenue from contracts with customers are recognised at the point in time when the control of the assets is transferred to customers.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sales of properties	1,955,621

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

	2019	2018
	HK$'000	*HK$'000*
Other income and gains, net		
Interest income from bank deposits	**18,092**	12,747
Interest income from a loan receivable	**15,487**	4,448
Forfeiture of deposits from customers	**3,404**	3,053
Management fee income	**9,046**	5,807
Gains on disposals of subsidiaries, net	**9,140**	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	**6,586**	2,057
	61,755	1,742,612

5. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of properties sold	**1,680,166**	841,518
Depreciation	**4,074**	891
Write-off of property, plant and equipment	**—**	740
Loss on disposal of items of property, plant and equipment	**20**	—
Minimum lease payments under operating leases	**10,088**	10,016
Auditor's remuneration	**2,700**	1,950
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	**74,854**	61,421
Pension scheme contributions	**1,298**	1,073
Less: Amount capitalised	**(10,522)**	(11,214)
	65,630	51,280
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,870**	3,899

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**136,665**	126,864
Interest expense arising from revenue contracts	**24,592**	—
Less: Interest capitalised	**(73,942)**	(63,921)
	87,315	62,943

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2019	2018
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**173,731**	67,459
Underprovision/(Overprovision) in prior years	**(261)**	76
	173,470	67,535
Deferred	**(2,920)**	(6,953)
Total tax expense for the year	**170,550**	60,582

8. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Special dividend — Nil (2018: HK1.0 cent per ordinary share)	**—**	152,000
Proposed special dividend — HK0.945 cent (2018: Nil) per ordinary share	**143,640**	—
Proposed final dividend — HK0.70 cent (2018: HK0.65 cent) per ordinary share	**106,400**	98,800
	250,040	250,800

The final dividend and the special 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 have not been recognised as liabilities at the end of the reporting period.

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 2019 is based on the profit for the year attributable to owners of the parent of HK$500,302,000 (2018: HK$1,808,456,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2018: 15,200,000,000).

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**118,043**	159,187

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 2019, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK$2,831.8 million (2018: approximately HK$1,351.8 million) and approximately HK$500.3 million (2018: approximately HK$1,808.5 million), respectively.

DIVIDENDS

Based on the encouraging results for the year ended 31 March 2019, the Board has recommended the payment of a final dividend of HK0.70 cent (2018: HK0.65 cent) per ordinary share and a special dividend of HK0.945 cent (2018: HK1.0 cent) per ordinary share for the year ended 31 March 2019 to its shareholders whose names appear on the register of members of the Company as of Wednesday, 11 September 2019. Both of the final dividend and the special dividend will be paid on or around Thursday, 19 September 2019, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 30 August 2019.

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK$2,831.8 million (2018: approximately HK$1,351.8 million), which represented a significant increase of approximately HK$1,480.0 million compared with last year. This was mainly attributable to completion and delivery of one of the Ma On Shan projects, The Met. Blossom (Ma Kam Street, Ma On Shan) in August 2018. Profit attributable to owners of the parent for the year was approximately HK$500.3 million (2018: approximately HK$1,808.5 million). The reduced profit was mainly attributable to the decrease in other income recognised from the gain on the disposal of two indirect wholly-owned subsidiaries and remeasurement of the 50% equity interest retained in a joint venture in the financial year ended 31 March 2018, net of the profit recognised from completion of The Met. Blossom. 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$2,827.0 million (2018: approximately HK$1,333.5 million) which was contributed mainly by completion and delivery of The Met. Blossom. The Group owns 60% equity interest in this property development project and the results and financial position are consolidated into the financial statements of the Group.

The Group's another residential project in 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, 314 out of 336 units were sold and 298 units were delivered to the buyers. The revenue amounted to approximately HK$2.3 billion will be recognised (subject to audit) in the next financial year.

The Group together with CIFI Holdings (Group) Co. Ltd. have been launching a luxury residential series branded "NOUVELLE", by unveiling the first project "maya", located at No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong, since March 2019. As at the date of this announcement, 162 out of 235 units released were sold and the contracted sales amounted to approximately HK$1.6 billion. The project is undergoing the construction of the superstructure and is expected to be completed in 2020. The Group owns 50% equity interest in this property development project and is responsible for its project management.

The Group's Whitehead project (Sha Tin Town Lot No. 601) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely "Altissimo" was launched in December 2018. As at the date of this announcement, 336 out of 436 units released were sold and the contracted sales amounted to approximately HK$2.9 billion. The Group owns 40% equity interest in this development project.

In April 2018, Rich United Limited, an indirectly non-wholly owned subsidiary of the Company, completed the acquisition of all the 16 properties at Nos. 86A-86D Pokfulam Road, Hong Kong. The demolition works were completed and the site will be redeveloped into luxurious properties. The Group owns 70% equity interest in this development project and is responsible for its project management.

On 12 April 2018, the Group has won the tender for the 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. It 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 project site area is approximately 14,400 square feet with a gross floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and will provide a public transportation terminal (minibus station). The foundation work is undergoing in this site.

The site at Nos. 575–575A Nathan Road, Mongkok has completed the construction works and the occupation permit was granted in February 2018. This development is a 19-floor Ginza type commercial complex under the brand "Ladder".

As at 31 May 2019, 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
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	100%
No. 8 Shung Shan Street and No. 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	28,500	28,500	Residential	2021	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%

The Group is always exploring different channels to increase its land banks. During the year, the Group has acquired two urban redevelopment projects with over 80% (less than 100%) ownerships secured. Their ownership will be consolidated by proceeding to court for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance. In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development. The total site area and attributable gross floor area upon redevelopment are approximately 16,000 square feet and 143,000 square feet, respectively.

Property Investment

As at 31 March 2019, 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$809.5 million (31 March 2018: approximately HK$1,517.3 million).

During the year, the Group received gross rental income of approximately HK$8.2 million (2018: approximately HK$22.6 million), representing a decrease of approximately HK$14.4 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 12 April 2018, the Group entered into a preliminary agreement to sell the entire issued share capital and the shareholder's loan of PT Harvest Holdings Limited which principally holds office units and carparks spaces located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK$324.5 million. Completion took place on 23 August 2018.

On 10 August 2018, the Group disposed of the entire issued share capital and assigned the shareholder's loan of New Earth Investments Limited ("**New Earth**") for a consideration of HK$32.0 million. New Earth is the registered owner of the investment properties located at Ground Floor of No. 111 Ma Tau Wai Road, Kowloon.

On 24 January 2019, the Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as "Lake Silver" located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK$653.0 million. The podium will be further refurbished to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increasing the future rental value, thereby enhancing the future capital appreciation. On 29 April 2019, the Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition took place on 16 May 2019. Details of the transaction were set out in the joint announcement published by the Company and Wang On Group Limited ("**WOG**") on 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019.

On 30 April 2019, the Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and the shareholder's loan of Pearl Limited at a consideration of HK$780.0 million. Pearl Limited is the sole shareholder of Hermitage Investments Limited ("**Hermitage**"), which is the registered owner of the commercial accommodation of the complex named "The Parkside" located at No. 18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. This investment property will be further refurbished for the enhancement of the Group's investment portfolio. On 21 June 2019, the Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition is expected to be taken place on 4 July 2019. Details of the transaction were set out in the joint announcement published by the Company and WOG dated 1 May 2019 and 21 June 2019.

The Group acts as the asset manager of the above two investment projects for a management fee comprising a fixed based fee and an incentive fee determined with reference to, among other things, the rental return of the above investment properties. This new recurring income stream will stabilize the cash flow and development of the Group.

In May 2019, the Group has won a tender for an investment property as Shop D, On Ning Building, 47–55 Ma Tau Kok Road, Ma Tau Kok, Kowloon in a consideration of HK$62.3 million from an independent third party. The property will be renovated to enhance the rental yield. The completion is expected to be taken place on 28 June 2019.

The Group will continue to review and expand our 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, in which it was stated that as at 21 March 2016, the parent company of the Group, WOG and its subsidiaries (excluding the 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 WOG that 34 out of these 48 Excluded Properties had been sold as of 25 June 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's total assets less current liabilities were approximately HK$7,281.9 million (2018: approximately HK$6,746.7 million) and the current ratio was approximately 1.85 times as at 31 March 2019 (2018: approximately 2.09 times). As at 31 March 2019, the Group had cash and cash equivalents of approximately HK$1,878.9 million (2018: approximately HK$1,558.8 million).

Aggregate bank borrowings as at 31 March 2019 amounted to approximately HK$3,850.4 million (2018: approximately HK$3,224.0 million). The gearing ratio was approximately 44.2% (2018: approximately 41.0%), 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 2019, the Group's property, plant and equipments, investment properties, properties under development and properties held for sales, with carrying value of approximately HK$91.1 million, HK$787.5 million, HK$3,216.4 million and HK$668.2 million (2018: approximately HK$94.4 million, HK$1,497.3 million, HK$1,168.3 million and HK$576.5 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2019 amounted to approximately HK$925.6 million (2018: approximately HK$1,564.4 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK$806.5 million (2018: approximately HK$1,118.2 million). The Group has given guarantee to banks in connection with facilities granted to the two joint ventures up to HK$2,440.4 million and were utilised to the extent of HK$1,297.5 million as at 31 March 2019.

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 2019, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2019 *HK$'000*	31 March 2018 *HK$'000*
Bank loans repayable:		
Within one year	**1,260,228**	780,223
In the second year	**1,200,570**	878,382
In the third to fifth years, inclusive	**1,389,641**	1,385,649
Beyond five years	**—**	179,778
	3,850,439	3,224,032
Other loans repayable		
Within one year	**—**	13,397
In the second year	**—**	—
In the third to fifth years, inclusive	**187,570**	—
	4,038,009	3,237,429

The effective interest rate of bank loans is approximately 3.4% per annum (2018: approximately 2.8%) 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 and other borrowings during the reporting period were 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 2019, the Group had 119 (2018: 101) 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 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 as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for eligible employees of the Group 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. Cookies Run 2018, Donation of charity mooncakes with Wai Yuen Tong Medicine Holdings Limited, Dress Causal Day, 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 the 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 due to factors outside of the Group's control;

- 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 firstly decreased from a historical high level by nearly 10% and started to rebound in the first quarter of 2019. The upside trend is benefited from the conservative pricings offered by the developers and caution approach on the interest rate policy taken by the US Federal Reserve in early 2019. However, under the uncertainty of US-China trade negotiation and high volatility of stock markets, both the investors and end-users would take a more discreet assessment on the property market. The Group is cautiously optimistic on the property market and will keep monitoring the market changes closely.

The Group has achieved approximately HK$4.9 billion contract sales of residential and commercial properties as at the date of this announcement. It secures and stabilizes the revenue and development of the Group in the coming years. To continue the growth momentum, the Group replenishes the land bank and investment properties strenuously. In addition to public tender, the Group is seeking for old building acquisition and land use conversion.

The Group will keep looking for opportunities in property acquisition and collaboration with strategic partners 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 2019.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2019 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 2019. 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 2019 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 2019 annual general meeting of the shareholders of the Company (the "**2019 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 Friday, 30 August 2019 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 2019 AGM:

Latest time to lodge transfer documents for registration	:	4:30 p.m., Friday, 23 August 2019
Closure of register of members	:	Monday, 26 August 2019 to Friday, 30 August 2019 (both days inclusive)
Record Date	:	Friday, 30 August 2019

(b) for determining entitlement to the proposed final and special dividends:

Latest time to lodge transfer documents for registration	:	4:30 p.m., Thursday, 5 September 2019
Closure of register of members	:	Friday, 6 September 2019 to Wednesday, 11 September 2019 (both days inclusive)
Record Date	:	Wednesday, 11 September 2019

In order to be eligible to attend and vote at the 2019 AGM and to qualify for the proposed final and special dividends, 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 54, 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***) and the Company (***www.woproperties.com***). The 2019 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, 25 June 2019

As at the date of this announcement, the Board comprises Mr. Wong Yiu Hung Gary, Mr. Tang Ho Hong and Ms. Ching Tak Won Teresa 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.