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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2019	2018	Change
	(Unaudited)	(Unaudited)	
	HK$ million	*HK$ million*	
Revenue	**2,224**	2,730	-19%
Gross profit	**967**	1,083	-11%
Profit attributable to owners of the parent	**579**	550	+5%
Earnings per share *(HK cents)*			
Basic and diluted	**3.81**	3.62	+5%
	As at 30 September 2019	As at 31 March 2019	
	(Unaudited)	(Audited)	
	HK$ million	*HK$ million*	
Net asset value	**4,818**	4,489	+7%
Net asset value per share *(HK$)*	**0.32**	0.30	+7%

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Directors**") of Wang On Properties Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited interim condensed consolidated results of the Group for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018. These unaudited interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*
REVENUE	*4*	**2,223,937**	2,729,749
Cost of sales		**(1,256,680)**	(1,646,775)
Gross profit		**967,257**	1,082,974
Other income and gains, net	*4*	**29,561**	32,597
Selling and distribution expenses		**(176,831)**	(106,731)
Administrative expenses		**(65,256)**	(69,145)
Finance costs	*5*	**(48,812)**	(44,341)
Fair value gains/(losses) on investment properties, net		**(38,691)**	43,000
Reversal of write-down of properties under development		**–**	88,856
Share of profits/(losses) of joint ventures		**49,554**	(10,458)
PROFIT BEFORE TAX	*6*	**716,782**	1,016,752
Income tax expense	*7*	**(138,028)**	(154,614)
PROFIT FOR THE PERIOD		**578,754**	862,138
OTHER COMPREHENSIVE LOSS			
Items to be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Net movement in fair value		**(187)**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(187)**	–

	Note	Six months ended 30 September **2019** **(Unaudited)** ***HK$'000***	2018 (Unaudited) *HK$'000*
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(187)**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**578,567**	862,138
Profit attributable to:			
Owners of the parent		**579,330**	550,269
Non-controlling interests		**(576)**	311,869
		578,754	862,138
Total comprehensive income attributable to:			
Owners of the parent		**579,143**	550,269
Non-controlling interests		**(576)**	311,869
		578,567	862,138
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK3.81 cents**	HK3.62 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

	Note	**30 September 2019 (Unaudited) *HK$'000***	31 March 2019 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**129,140**	96,910
Investment properties		**704,100**	809,500
Properties under development		**1,398,001**	1,355,318
Investments in joint ventures		**1,858,973**	1,385,441
Financial assets at fair value through other comprehensive income		**139,684**	–
Prepayments, other receivables and other assets		**264,293**	402,078
Deferred tax assets		**–**	23,041
Total non-current assets		**4,494,191**	4,072,288
CURRENT ASSETS			
Properties under development		**1,943,149**	3,328,595
Properties held for sale		**930,337**	687,167
Prepayments, other receivables and other assets		**371,758**	387,311
Loans receivables		**659,742**	600,000
Cost of obtaining contracts		**434**	115,779
Tax recoverable		**3,524**	292
Cash and cash equivalents		**943,810**	1,878,905
Total current assets		**4,852,754**	6,998,049
CURRENT LIABILITIES			
Trade payables	*10*	**118,342**	118,043
Lease liabilities		**4,703**	–
Other payables and accruals		**210,873**	195,848
Contract liabilities		**14,088**	1,955,928
Deposits received and receipts in advance		**6,392**	4,547
Interest-bearing bank and other loans		**1,815,409**	1,260,228
Tax payable		**293,425**	253,862
Total current liabilities		**2,463,232**	3,788,456

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**2,389,522**	3,209,593
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,883,713**	7,281,881
NON-CURRENT LIABILITIES		
Other payables	**18,871**	13,184
Interest-bearing bank and other loans	**2,036,609**	2,777,781
Lease liabilities	**8,855**	–
Deferred tax liabilities	**1,395**	1,460
Total non-current liabilities	**2,065,730**	2,792,425
Net assets	**4,817,983**	4,489,456
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**15,200**	15,200
Reserves	**4,775,270**	4,446,167
	4,790,470	4,461,367
Non-controlling interests	**27,513**	28,089
Total equity	**4,817,983**	4,489,456

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial statements. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for short-term leases (elected by class of underlying asset).

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 were presented separately in the condensed consolidated statement of financial position.

The right-of-use assets for all leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date and included in property, plant and equipment, properties under development and properties held for sale, as appropriate. The Group elected to present the right-of-use assets as part of the elements of property, plant and equipment in the condensed consolidated statement of financial position.

For the leasehold land and building that were held to earn rental income and/or capital appreciation and previously included in investment properties measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continued to be measured at fair value applying HKAS 40.

The Group has applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 April 2019. The adoption of HKFRS 16 did not have any significant impact on the Group's unaudited interim condensed consolidated financial statements.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 March 2019	1,924
Weighted average incremental borrowing rate as at 1 April 2019	3.56%
Discounted operating lease commitments as at 1 April 2019	1,858
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(1,858)
Lease liabilities as at 1 April 2019	–

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" and "properties held for sale". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's unaudited interim condensed consolidated financial statements.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's unaudited interim condensed consolidated financial statements.

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

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the six months ended 30 September 2019 and 2018, and the non-current assets of the Group were located in Hong Kong as at 30 September and 31 March 2019.

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

Reportable segment information
Six months ended 30 September

	Property development		**Property investment**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,222,768**	2,726,074	**1,169**	3,675	**2,223,937**	2,729,749
Other revenue	**7,115**	10,188	**1,176**	9,205	**8,291**	19,393
Total	**2,229,883**	2,736,262	**2,345**	12,880	**2,232,228**	2,749,142
Segment results	**768,724**	1,045,116	**13,293**	51,827	**782,017**	1,096,943
Reconciliation:						
Interest income from bank deposits					**10,457**	6,640
Interest income from loans receivables					**10,584**	6,564
Interest income on financial assets at fair value through other comprehensive income					**229**	–
Finance costs					**(48,812)**	(44,341)
Corporate and unallocated expenses					**(37,693)**	(49,054)
Profit before tax					**716,782**	1,016,752
Income tax expense					**(138,028)**	(154,614)
Profit for the period					**578,754**	862,138

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Sales of properties	**2,221,540**	2,723,584
Revenue from another source		
Rental income	**2,397**	6,165
	2,223,937	2,729,749

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 the 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:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	**1,949,121**	1,954,314

(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.

The contracted sales amounts allocated to the remaining performance obligations as at the end of the reporting period:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Within one year	**112,060**	2,074,920
More than one year	**–**	28,944
	112,060	2,103,864

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains, net		
Interest income from bank deposits	**10,457**	6,640
Interest income from loans receivables	**10,584**	6,564
Interest income on financial assets at fair value through other comprehensive income	**229**	–
Forfeiture of deposits from customers	**–**	3,404
Gains on disposal of subsidiaries	**–**	9,140
Management fee income	**5,305**	3,919
Others	**2,986**	2,930
	29,561	32,597

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other loans	**81,817**	57,782
Interest expenses arising from revenue contracts	**972**	18,761
Interest portion of lease liabilities	**105**	–
Less: Interest capitalised	**(34,082)**	(32,202)
	48,812	44,341

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of properties sold	**1,255,554**	1,645,030
Depreciation	**5,790**	1,809
Minimum lease payments under operating leases	**–**	5,029
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**1,126**	1,745

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**115,052**	150,987
Deferred	**22,976**	3,627
Total tax expense for the period	**138,028**	154,614

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

The calculation of basic earnings per share for the six months ended 30 September 2019 is based on the profit for the period attributable to owners of the parent of HK$579,330,000 (six months ended 30 September 2018: HK$550,269,000) and the weighted average number of ordinary shares of 15,200,000,000 (six months ended 30 September 2018: 15,200,000,000).

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2019 and 2018 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. DIVIDENDS

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Special dividend paid – HK0.945 cent (2018: Nil) per ordinary share	**143,640**	–
Final dividend paid – HK0.70 cent (2018: HK0.65 cent) per ordinary share	**106,400**	98,800
	250,040	98,800

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:

	30 September	31 March
	2019	2019
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**118,342**	118,043

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenue for the six months ended 30 September 2019 amounted to approximately HK$2,223.9 million (six months ended 30 September 2018: approximately HK$2,729.7 million). The revenue recorded for the period was primarily attributable to the completion and delivery of The Met. Acappella. Profit attributable to owners of the parent for the reporting period was approximately HK$579.3 million (six months ended 30 September 2018: approximately HK$550.3 million). The business review of the individual business segments of the Group is set out below.

BUSINESS REVIEW

Property Development

Revenue recognised in this business segment during the reporting period amounted to approximately HK$2,222.8 million (six months ended 30 September 2018: approximately HK$2,726.1 million) which was mainly attributable to the completion and delivery of The Met. Acappella.

The Met. Acappella, the Group's third residential project in Sha Tin district, the site at No. 7838 Tai Po Road – Tai Wai, was completed and delivered in May 2019. As at the date of this announcement, 325 out of 336 units were sold.

The Group together with CIFI Holdings (Group) Co. Ltd. have launched a luxury residential series branded "NOUVELLE", by unveiling the first project named "maya" on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong in March 2019. The architectural design, interior layout and ancillary facilities target the needs of those residents pursuing elegant and quality lifestyle. As at the date of this announcement, 194 of the 272 units released were sold with contracted sales. The construction of superstructure is undergoing and the residential units are expected to be delivered 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 (No. 11 Yiu Sha Road, Ma On Shan), "Altissimo", which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, has been launched in December 2018. As at the date of this announcement, 390 of the 508 units released were sold with contracted sales. The construction of superstructure is undergoing and the residential units are expected to be delivered in 2021. The Group owns 40% equity interest in this property development project.

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

For the new "The Met." project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192), the foundation work is undergoing. The site area of this project occupies approximately 14,400 square feet with an expected total permitted gross floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and it incorporates a public transportation terminal (minibus station).

As at 31 October 2019, the Group had portfolio of land under development 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**
No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
No. 11 Yiu Sha Road, Ma On Shan	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 (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%

The Group currently has two urban redevelopment projects with over 80% ownership secured. Applications had been filed in respect of both projects for a court order 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 attributable gross floor area upon redevelopment is approximately 143,000 square feet.

The Group keeps exploring different opportunities, including public tender, old building acquisition and land use conversion to increase its land bank. The Group will also keep seeking opportunities for collaboration with suitable external parties to capture the synergies for streamlined costs and larger scale of development.

Property Investment

As at 30 September 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$704.1 million (31 March 2019: approximately HK$809.5 million).

During the reporting period, the Group received gross rental income of approximately HK$2.4 million (six months ended 30 September 2018: approximately HK$6.2 million). The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting period.

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, Wang On Group Limited ("**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 WOG that 38 out of these 48 Excluded Properties had been sold as at the date of this announcement.

Major Acquisition

In January 2019, the Group successfully 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. The Group has disposed 50% equity interest in this investment project to an independent third party in April 2019. The property will be further refurbished and the refurbishment work is expected to be completed by the first quarter of 2020. The tenant mix and rental income are expected to improve. The Group is the asset manager of, and owns 50% equity interest in, this property investment project.

The Group further acquired another 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 in April 2019. The Group has disposed 50% equity interest in this investment project to an independent third party in June 2019. Certain part of the property is undergoing refurbishment and the refurbishment work is expected to be completed in the fourth quarter of 2019 and the first quarter of 2020 by phase. A modernised fresh market will be offered to the neighborhood. The rental income and visitor traffic are expected to be heightened. The Group is the asset manager of, and owns 50% equity interest in, this property investment project.

In June 2019, the Group acquired Shop D on the ground floor of On Ning Building, Nos. 47-55 Ma Tau Kok Road, Kowloon, Hong Kong at a consideration of HK$62.3 million.

The Group will keep looking for opportunities to expand its investment property portfolio to secure a stable income stream from the recurring rental income, and also potentially benefit from capital appreciation upon sale of investment properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group's total assets less current liabilities were approximately HK$6,883.7 million (31 March 2019: approximately HK$7,281.9 million) and the current ratio was approximately 1.97 times (31 March 2019: approximately 1.85 times). As at 30 September 2019, the Group had cash and cash equivalents of approximately HK$943.8 million (31 March 2019: approximately HK$1,878.9 million).

Aggregate bank borrowings as at 30 September 2019 amounted to approximately HK$3,659.0 million (31 March 2019: approximately HK$3,850.4 million). The gearing ratio was approximately 56.7% (31 March 2019: approximately 44.2%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2019, the Group's property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK$110.5 million, HK$621.0 million, HK$3,308.7 million and HK$669.7 million (31 March 2019: approximately HK$91.1 million, HK$787.5 million, HK$3,216.4 million and HK$668.2 million), respectively, were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 30 September 2019 amounted to approximately HK$203.1 million (31 March 2019: approximately HK$925.6 million). In addition, the Group's capital commitments under joint ventures amounted to approximately HK$487.3 million (31 March 2019: approximately HK$806.5 million). The Group has given guarantee to banks in connection with facilities granted to the joint ventures up to HK$2,478.1 million (31 March 2019: HK$2,440.4 million) which were utilised to the extent of approximately HK$1,314.3 million as at 30 September 2019 (31 March 2019: approximately HK$1,297.5 million). Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the reporting period.

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

DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2019, interest-bearing debt profile of the Group was analysed as follows:

	30 September 2019 *HK$'000*	31 March 2019 *HK$'000*
Bank loans repayable:		
Within one year	**1,815,409**	1,260,228
In the second year	**233,465**	1,200,570
In the third to fifth years, inclusive	**1,610,174**	1,389,641
Beyond five years	**–**	–
	3,659,048	3,850,439
Other loans repayable:		
Within one year	**–**	–
In the second year	**–**	–
In the third to fifth years, inclusive	**192,970**	187,570
	3,852,018	4,038,009

The effective interest rate of bank loans is approximately 3.3% (31 March 2019: approximately 3.4%) per annum and other loans carry a fixed interest rate at 6.0% (31 March 2019: 6.0%) per annum.

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the reporting period were the general sources 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 reporting period.

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

Save as disclosed above, during the period under review, the Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 134 (31 March 2019: 120) 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 eligible employees of the Group in Hong Kong.

PROSPECTS

Hong Kong's GDP contracted by 3.2% quarter-on-quarter in real terms in the third quarter of 2019. The US-China trade negotiation, the uncertainty of Brexit, and the recent social events in Hong Kong are impacting market sentiment concurrently.

However, the strong demand for home ownership coupled with the expected continuation of low housing supply in the future still support the residential property market. Meanwhile, the reduction in interest rate by both the US Federal Reserve and banks in Hong Kong crystalize the investors and end-users' confidence.

The Group will continue to monitor the market changes closely whilst keep looking for opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2019.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2019 of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of HKEXnews (*www.hkexnews.hk*) and the Company (*www.woproperties.com*). The 2019 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Chan Chun Hong
Chairman

Hong Kong, 21 November 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ho Hong, Ms. Wong Chin Han and Ms. Ching Tak Won Teresa; one non-executive Director, namely Mr. Chan Chun Hong; and three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung.