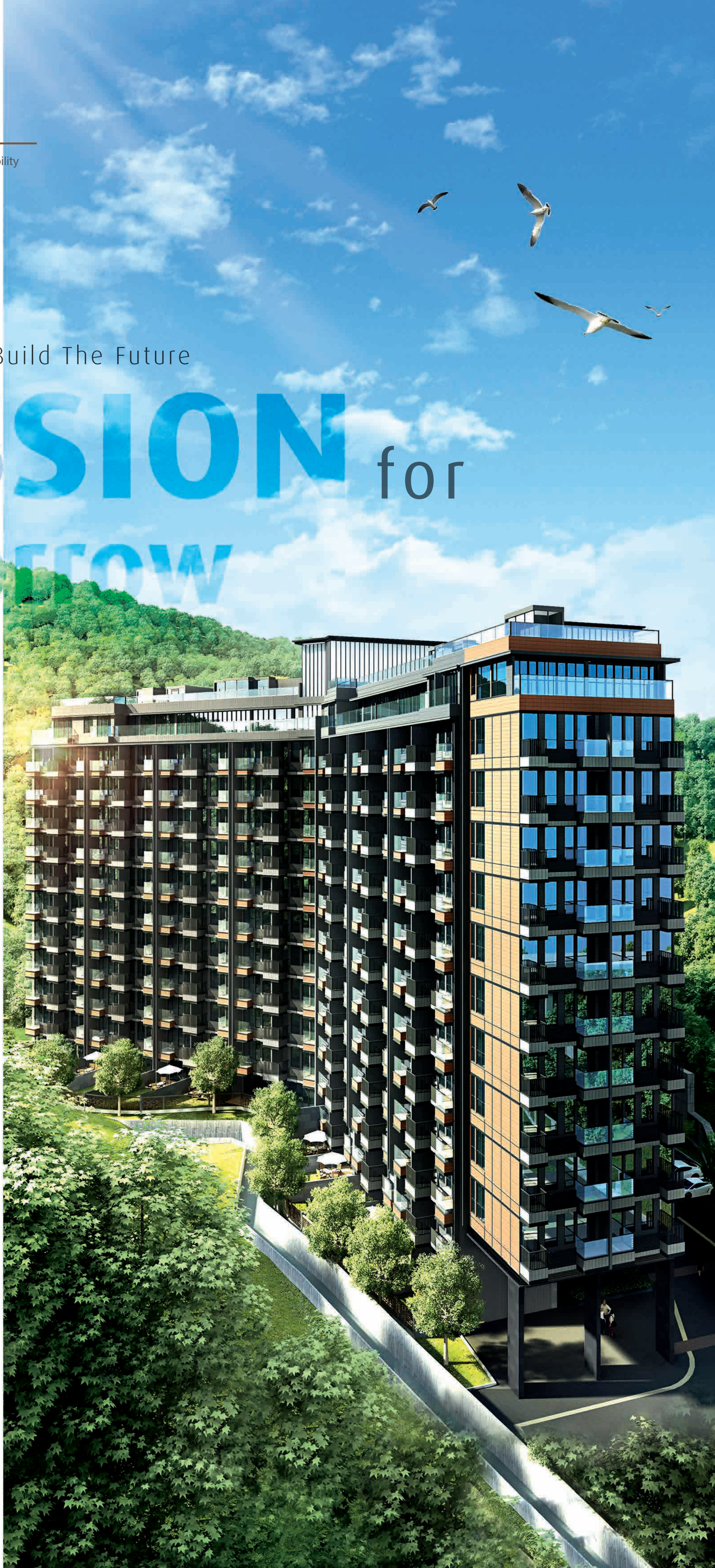
宏安地產
WANG ON PROPERTIES

Incorporated in Bermuda with limited liability
Stock Code : 1243

The Cornerstone To Build The Future

A PASSION for Tomorrow

見愛 • 建明天



2017
ANNUAL REPORT

MIX
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

AUDIT COMMITTEE

Mr. Li Wing Sum Steven, *Chairman*
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

REMUNERATION COMMITTEE

Sr Dr. Leung Tony Ka Tung, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

NOMINATION COMMITTEE

Mr. Chan Chun Hong, *Chairman*
Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung
Mr. Tang Ho Hong

EXECUTIVE COMMITTEE

Mr. Wong Yiu Hung Gary, *Chairman*
Mr. Tang Ho Hong

COMPANY SECRETARY

Ms. Wong Chin Han

AUTHORISED REPRESENTATIVES

Mr. Chan Chun Hong
Mr. Wong Yiu Hung Gary

AUDITORS

Ernst & Young

LEGAL ADVISERS

Reed Smith Richards Butler
DLA Piper Hong Kong
Gallant

COMPLIANCE ADVISER

Kingston Corporate Finance Limited

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION (CONTINUED)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

BOARD LOT

4,000 shares

INVESTOR RELATIONS

Email : pr@woproperties.com

HOMEPAGE

www.woproperties.com

STOCK CODE

1243

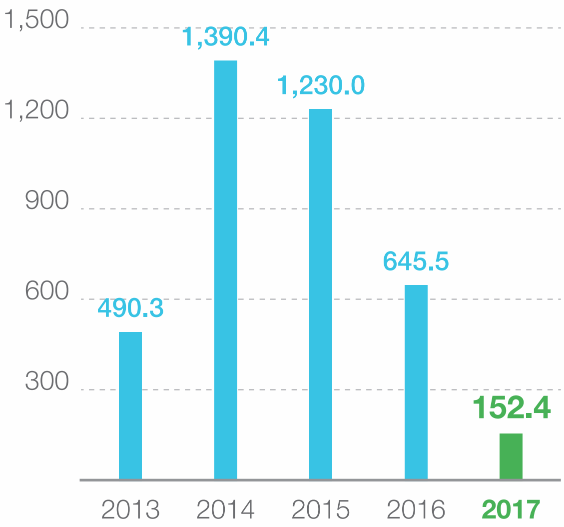
FINANCIAL HIGHLIGHTS

	Year Ended 31 March	
	2017	2016
Revenue	**HK$152.4 million**	HK$645.5 million
Profit attributable to owners of the parent	**HK$38.8 million**	HK$410.0 million
Basic earnings per share	**HK0.26 cents**	HK3.60 cents

	At 31 March	
	2017	2016
Total assets	**HK$8,028.1 million**	HK$4,075.7 million
Net assets	**HK$2,391.6 million**	HK$2,031.1 million
Net asset value per share	**HK$0.16**	HK$0.13
Gearing ratio	**60.7%**	57.7%

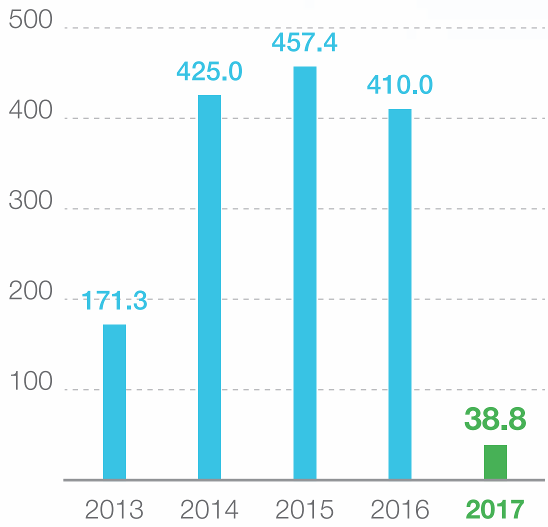
REVENUE

HK$ million



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

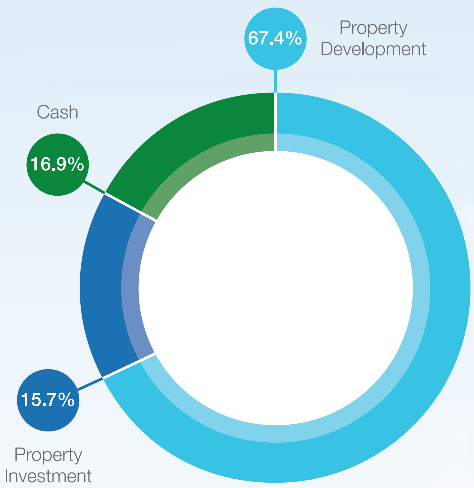
HK$ million



FINANCIAL HIGHLIGHTS (CONTINUED)

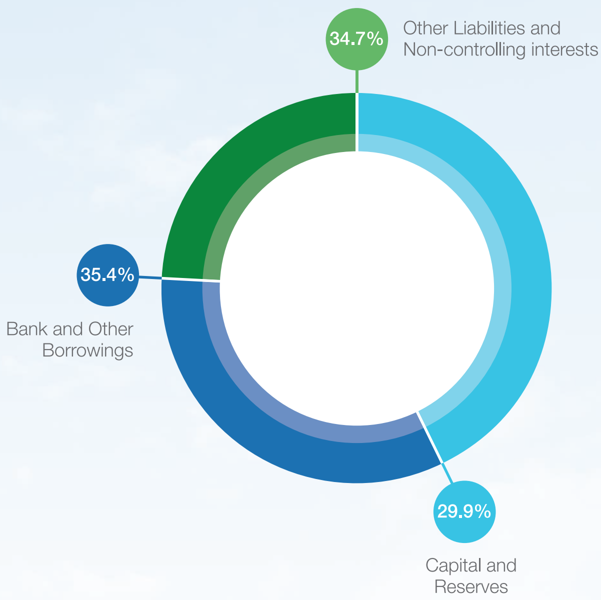
ASSETS EMPLOYED

As at 31 March 2017



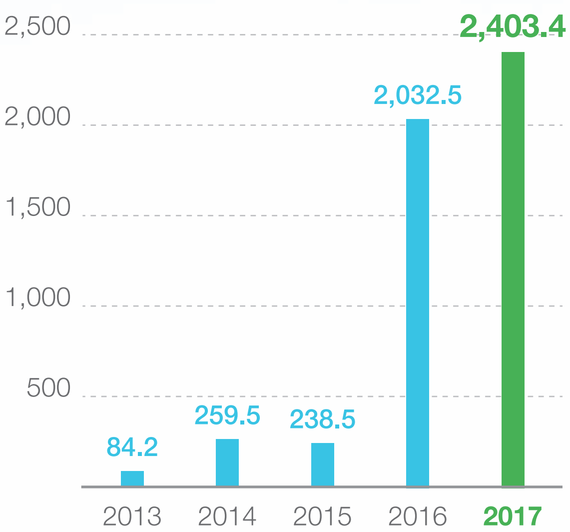
CAPITAL AND LIABILITIES

As at 31 March 2017



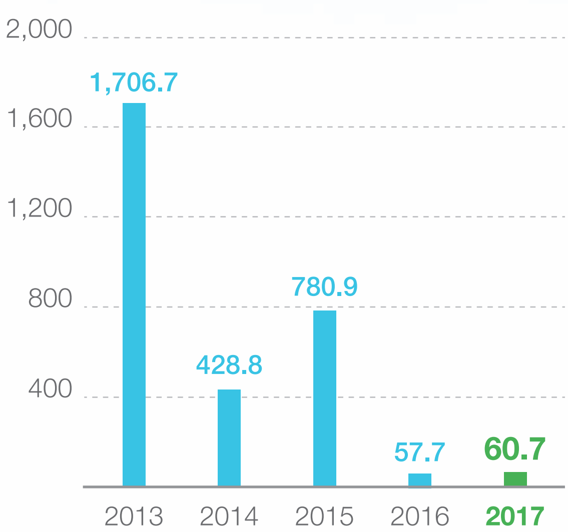
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

HK$ million



GEARING RATIO

Percentage



CHAIRMAN's Statement

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

During the year ended 31 March 2017, changes in the international political landscape cast a shadow of uncertainty over the global economic development. Market concerns about US Federal Reserve's faster pace of rate hikes and China's continued slower economic growth depressed the overall consumer sentiment. In spite of macroeconomic challenges, however, Hong Kong's property market on which Wang On Properties Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") focuses on maintaining its healthy momentum. Benefiting from plentiful liquidity and a comparatively low interest rate environment, and coupled with a strong demand from local and mainland homebuyers, Hong Kong's property market continued to grow steadily.

REVIEW OF OPERATIONS

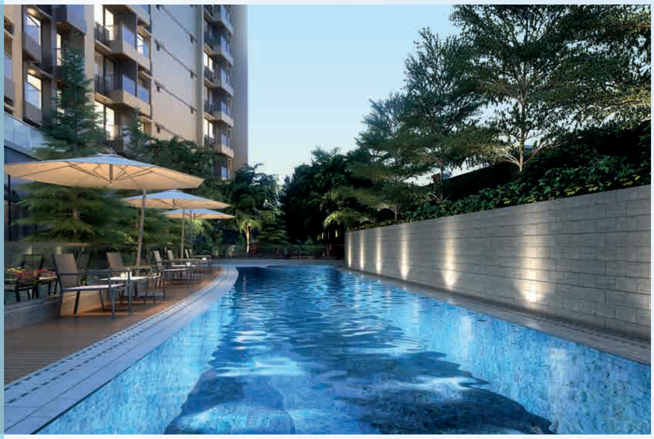
During the year under review, two residential projects of the Group achieved excellent pre-sale results, but as relevant property development projects had not yet been delivered to the purchasers, their results were not consolidated into the Group's financial results included in this report, resulting in a decrease in revenue compared with the previous year.

The Company maintained a balanced property portfolio covering residential and commercial property development and commercial investment project to provide the Group with stable and diversified sources of revenue. The Group implemented strict criteria of project site selection and based unit design on thoroughly thought out plans and accurate product positioning. All residential and commercial properties developed by the Group were designed to comprehensively meet the needs of target customers, making the most out of their locations and surroundings.

Residential Property Development

Regarding residential property development, the Group focused on developing small-to-medium-sized residential units targeting small families in recent years. The Group's residential property brand, "The Met.", is advantageously located with convenient transportation and living facilities, offers trendy design and excellent space utilisation and has won wide public recognition. During the year under review, the Group launched pre-sales of two residential projects — "The Met. Blossom" in the third quarter of 2016 and "The Met. Bliss" in the fourth quarter of 2016. Both projects were hugely popular, selling out almost all units in a few weeks, and 1,001 units out of a total of 1,004 units have been sold. The success of these two projects was mainly attributable to their accurate product positioning, which targets single people, young couples and first-time home buyers and provision of high-quality metropolitan life, coupled with

CHAIRMAN'S STATEMENT (CONTINUED)



tailored effective marketing strategies. In addition to rigid demand from home buyers, the projects attracted many investors because of their superior attributes. The contracted sales revenue of "The Met. Bliss" and "The Met. Blossom" amounted to approximately HK$4.0 billion, which is expected to be recognised in the following two financial years, laying a solid foundation for the Group to achieve sustainable and healthy returns.

Commercial Property Development

Regarding commercial property development, the Group was working to build the brand "Ladder", which focuses on multi-storey Ginza type commercial complexes positioned as iconic commercial landmarks integrating fashion, catering, leisure and entertainment. The Group's second Ginza type commercial complex project, located at Nathan Road, Mongkok, has started constructing the superstructure. This 19-storey commercial building is expected to be completed in the fourth quarter of 2017.

Property Investment

In addition to self-developed properties, the Group also holds a portfolio of high-quality properties, including first-tier office properties, shopfronts and parking spaces, for lease and investment. On the one hand, these property investments can provide stable recurring cash flows to finance the Group's working capital needs. On the other hand, these premium properties also offer opportunities of capital appreciation. The Group combines residential property development, commercial property development and property investment to balance the revenue from various sources.

During the year under review, the Group signed a syndicated loan agreement with six banks for HK$1.5 billion, which will not only provide a strong financial support for the Group's future business development, but also provide the Group with more sufficient liquidity. The ready support offered by the banks to the Group also reflected the capital market's full confidence in the Group's business prospects.

FUTURE OUTLOOK

Strong demand from local home buyers and the influx of Mainland investors for local properties driven by heightened property prices in the Mainland will support the local property market's continued stable development. The government's move to increase the stamp duty on the purchase of the second unit of residential property is expected to curtail some investor demand and is positive for the residential property market's healthy development. We remain cautiously optimistic for the outlook of Hong Kong's property market.

Sales Projects of the Year

The Group's project under construction on its exclusively acquired land parcel located at Tai Po Road — Tai Wai section in Shatin district, was officially named "The Met. Acappella" in April this year. The project, to be developed in line with the brand positioning of "The Met.", is expected to be completed in 2019, with a designed gross floor area of approximately 130,000 square feet. The Group plans to launch the project in the third quarter of 2017, whose small-to-medium-sized residential units are expected to continue to attract home buyers with rigid demand and investors and hopefully make new highs in sale prices. The project sales, as and when they are recognised, are expected to bring continuous and steady cash inflow to the Group. Pre-sales of the two other residential projects of the Group were completed in the reporting period, and the revenue will be recognised upon project completion and delivery.

CHAIRMAN'S STATEMENT (CONTINUED)

In residential property development, the Group currently focuses on "The Met." collection of boutique residences. Going forward, it will consider different types of properties in the light of market demand while maintaining the Group's stable development.

Land Bank

The Group acquired the entire equity interest of a residential site in Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601) in the second quarter of 2017, which is expected to add approximately 390,000 square feet of land to the Group's land bank, in order to provide land resources for future development. In respect of another site located at 13 and 15 Sze Shan Street, Yau Tong, the Group accepted in the second quarter of the amount of land premium assessed by the Lands Department. Furthermore, the Group has entered into a sale and purchase agreement with CIFI Holdings (Group) Co. Ltd. ("**CIFI Group**"), one of China's top 20 real estate developers, in June 2017. A joint venture enterprise established for collaboration of a commercial and residential project in Yau Tong, with a site area of approximately 41,000 sq ft. The Group and CIFI Group each holds a 50% equity interest in the project. At present, the Group is preparing the arrangement of its foundation works. The project is expected to be completed in 2020. These projects are expected to drive the Group's earnings and revenue growth in the future.

In participating in public land tender programmes to refurnish our land bank, our first consideration is whether the sites are favourably located in terms of transportation and living facilities to ensure that our developed properties will meet our brand positioning. We participate in land tender programmes in a sober-minded way based on detailed analysis of overall costs and objective assessment of the potentials of proposed property projects. In addition, the Group will be active in looking for opportunities to acquire commercial and industrial properties for investment in order to build a diversified and flexible asset portfolio and better cope with market changes.

GIVING BACK TO COMMUNITY

As a business with a social mission, we are committed to giving back to community while enhancing shareholder value. During the year under review, the Group continued to support education for children from underprivileged families, enrolment of newly-arrived students into local universities, and environmental protection through sponsorship and donation. We believe that our sponsorship and donation can enable supported students from underprivileged families to enjoy life opportunities on an equal footing and contribute to Hong Kong's future like other people. Details about our environmental, social and governance work during the year under review are disclosed under the section headed "Environmental, Social and Governance Report" in this report.

APPRECIATION

It is thanks to the full dedication of our entire staff that the Group has maintained strong development amidst a complicated and quickly evolving market environment. On behalf of the board of directors of the Company (the "**Board**" or the "**Directors**"), I would like to express sincere appreciation to all the staff for their great work and valuable contribution to the Group over the year. I also thank all our shareholders for their trust and support of the management team.

Chan Chun Hong
Non-executive Chairman
Hong Kong, 21 June 2017

MANAGEMENT
Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2017, the Group's revenue and profit and total comprehensive income attributable to owners of the parent amounted to approximately HK$152.4 million (2016: approximately HK$645.5 million) and approximately HK$38.8 million (2016: approximately HK$410.0 million), respectively.

DIVIDENDS

For prudence sake and for the purpose of reserving more resources for future development, the Board does not recommend distribution of any final dividend immediately after the listing of its shares (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (2016: nil). No interim dividend was made for the six months ended 30 September 2016 (30 September 2015: nil).

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2017 amounted to approximately HK$152.4 million (2016: approximately HK$645.5 million), which represented a decrease of approximately HK$493.1 million compared with last year. Profit and total comprehensive income attributable to owners of the parent for the year was approximately HK$38.8 million (2016: approximately HK$410.0 million). The decrease in revenue and profit was primarily attributable to the fact that the Company's existing projects under development are not expected to complete until at least the end of 2017 as disclosed in the prospectus of the Company dated 30 March 2016 (the "**Prospectus**"). The reduced profit recorded by the Group for the year ended 31 March 2017 was also attributable to the decrease in other income recognised from the disposal of properties. The review of the individual business segment of the Group is set out below.

Property Development

Revenue recognised in this business segment during the year amounted to approximately HK$46.0 million (2016: approximately HK$567.5 million) which was contributed mainly by the sale of a unit in "726 Nathan Road".

The Group has launched the pre-sales of two Ma On Shan projects, The Met. Blossom (Ma Kam Street, Ma On Shan) and The Met. Bliss (Hang Kwong Street, Ma on Shan) in August and October 2016, respectively. The total contracted

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

pre-sales (which will be recognised (subject to audit) as revenue of the Group upon completion and delivery of respective projects) amounted to approximately HK$4.0 billion as at 21 June 2017.

For The Met. Blossom project, 637 out of 640 units released were sold and the contracted pre-sales amounted to approximately HK$2.5 billion. As at the date of this report, over 65% of the pre-sold units were fully paid. The excellent market response and satisfactory results was mainly attributable to the successful sales strategy and precise positioning of the project. Selling at a close-to-market price, the project has attracted singles and young couples who are end users as well as investors. The foundation works and top-up have completed and the fitting-out works are undergoing. Expected completion of this project will be in 2018. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

For The Met. Bliss project, all of the 364 units released were sold and the contracted pre-sales amounted to approximately HK$1.5 billion. The Met. Bliss comprises studios, one-bedroom units and a limited number of two-bedroom units that are rarely offered in Ma On Shan, to meet the demand of small flats in the district. Same as The Met. Blossom, the foundation works and top-up have completed and the fitting-out works are undergoing. The project is expected to be delivered in 2018. The Group owns 60% equity interest in this development and the results and financial position are consolidated into the financial statements of the Group.

The Group's third residential project in Shatin district, the site at Tai Po Road — Tai Wai Section (Sha Tin Town Lot No. 587) is officially named as "The Met. Acappella". The Met. Acappella is a residential building consisting of two wings of 12 and 13-storeys, offering around 336 units. It comprises diversified unit layouts including studios, 1-bedroom units, 1-bedroom (with store room or study room) units, that account for over 80% of all units. The project also offers garden duplex units and penthouse units with rooftop terrace. The Met. Acappella is designed to incorporate the natural scenery of neighbouring areas, enabling residents to breathe fresh air and breathtaking green views in this bustling city. With the excellent and convenient transport network, The Met. Acappella also allows residents to indulge in all-round shopping, dining, entertainment and leisure activities, satisfying the needs of pursuing quality lifestyle. The Group is currently preparing for the launch of the pre-sale of The Met. Acappella and the set-up of its show flats. It is expecting the approval of pre-sale consent application to be issued. The Group owns entire equity interest in this development.

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

Development works of the site at 13 and 15 Sze Shan Street are still being paused. The Lands Department has issued the revised assessment of land premium and the Group has accepted the offer. The site works are expected to be resumed. On 7 June 2017, Swift Prosper Limited (the "**Vendor**"), an indirectly wholly-owned subsidiary of the Group has entered into a sale and purchase agreement (the "**Agreement**") with Xu Qi Co. Limited (the "**Purchaser**"), pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 50% of entire issued share capital and the shareholder loan of Wonder Sign Limited ("**Wonder Sign**"), an indirectly wholly-owned subsidiary of the Group, for the consideration of approximately HK$664.5 million. Wonder Sign is an investment holding company and its sole business is the holding of the entire issued share capital of Double Bright Limited ("**Double Bright**"), an indirectly wholly-owned subsidiary of the Group. Double Bright is the registered owner of project at Nos. 13 and 15, Sze Shan Street, Yau Tong. Completion took place simultaneously upon signing of the Agreement on 7 June 2017. For details of the transaction, please refer to the joint announcement by the Group and Wang On Group Limited ("**WOG**") on 7 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

On 19 May 2017, the Group has successfully acquired the entire equity interest of the site at Yiu Sha Road, Whitehead, Ma On Shan (Sha Tin Town Lot No. 601). The site will be developed as a residential project with site area of approximately 253,000 square feet and estimated gross floor area of approximately 387,500 square feet.

As at 31 May 2017, 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
575–575A Nathan Road, Mongkok	2,100	25,000	Commercial	2017
Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598)	33,300	115,000	Residential	2018
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	200,000	Residential	2018
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

To achieve sustainable operation of the Group in the long run, the Group has actively participated in the tender for land reserve. In facing the fierce competition from the PRC property developers, the Group has also explored other way of collaboration with external parties for development opportunities. The Group will dedicate further resources in its branding building for its property development business and residential and commercial projects.

Property Investment

As at 31 March 2017, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK$1,229.3 million (31 March 2016: approximately HK$579.2 million).

During the year, the Group received gross rental income of approximately HK$25.9 million (2016: approximately HK$30.3 million), representing a decrease of approximately HK$4.4 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the year ended 31 March 2016.

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

The Group has acquired three properties, two of which were completed by the end of the financial year ended 31 March 2017, and the remaining one was completed before the date of this report.

1. On 4 November 2015, the Group entered into a provisional sale and purchase agreement to acquire a shop at No. 166 Sai Yeung Choi Street South, Mongkok at a consideration of HK$83.3 million and the transaction was completed on 30 December 2016. The property is leased out as at the date of this report.

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

3. On 20 February 2017, the Group entered into a sale and purchase agreement to acquire the share and a shares and shareholders loan of a company which principally holds, through its wholly-owned subsidiary, office units and carparks units located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK$274.5 million. Completion took place on 25 April 2017. The property are vacant as at the date of this report.

Reference is also made to the Prospectus, in which it was stated that as at 21 March 2016, 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 18 out of these 48 Excluded Properties had been sold as of 21 June 2017. One of these 18 properties will be delivered in July 2017 and the others were completed during the period up to 21 June 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group's total assets less current liabilities were approximately HK$4,807.9 million (2016: approximately HK$3,622.7 million) and the current ratio was approximately 1.97 times as at 31 March 2017 (2016: approximately 6.94 times). As at 31 March 2017, the Group had cash and cash equivalents of approximately HK$1,357.2 million (2016: approximately HK$475.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Aggregate bank borrowings as at 31 March 2017 amounted to approximately HK$2,817.1 million (2016: approximately HK$1,649.4 million). The gearing ratio was approximately 60.7% (2016: approximately 57.7%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents divided by the equity attributable to owners of the parent. As at 31 March 2017, the Group's investment properties and properties under development, with carrying value of approximately HK$1,210.1 million and HK$1,756.7 million (2016: approximately HK$527.5 million and HK$2,910.5 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2017 amounted to approximately HK$2,251.6 million (2016: approximately HK$127.5 million). The Group had no significant contingent liabilities as at the end of the reporting period.

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

DEBT PROFILE AND FINANCIAL PLANNING

As at 31 March 2017, interest-bearing debt profile of the Group was analysed as follows:

	2017 HK$'000	2016 HK$'000
Bank loans repayable:		
Within one year	**361,251**	320,056
In the second year	**122,037**	303,882
In the third to fifth years, inclusive	**2,102,345**	897,119
Beyond five years	**231,440**	128,302
	2,817,073	1,649,359
Other loans repayable:		
Within one year	**28,845**	—
In the second year	**—**	92,001
In the third to fifth years, inclusive	**—**	152,361
	28,845	244,362
	2,845,918	1,893,721

The effective interest rate of bank loans is approximately 2.3% per annum (2016: approximately 1.9%) and other loans carries at a fixed interest rate of 6% per annum (2016 : 6%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

TREASURY POLICY

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

FOREIGN EXCHANGE

The management of the Group is of the opinion that the Group has no material foreign exchange exposure and has not engaged in any hedging activities during the year under review. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 57 (2016: 56) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY

While the Group endeavour to promote business development and strive for greater rewards for our shareholders, we acknowledge 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 in various charity activities, e.g. Kowloon Walk for Million, Po Leung Kuk Charity Run, Dress Causal Day, etc. In light of the ever greater disparity between the rich and the poor in Hong Kong society in recent years, people from the lower class face escalating pressure in making a living. Yearns of this group of people are not only on tangible resources and financial support, but also care and respect from the general public.

ENVIRONMENTAL MATTERS

The Group has taken measures to promote environmental-friendliness of the workplace by encouraging paper-recycling culture and energy-saving culture within our Group. The Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including The Met. Delight, 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.

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.

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 particularly period depends on the mix of properties available for sale;
- we may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects;
- we rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all;
- our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and
- we are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Company listed its shares on the Stock Exchange on 12 April 2016. Net proceeds from the Listing were approximately HK$310.8 million (after deduction of the underwriting commission and relevant expenses), which are intended to be applied in the manner as disclosed in the Prospectus. As at 31 March 2017, the net proceeds from the Listing had been fully utilised as follows:

	Actual net proceeds HK$ million	Amount utilised as at the date of this report HK$ million	Amount unutilised as at the date of this report HK$ million
Acquisition of suitable development site(s) in Hong Kong to replenish our land bank for our property development business	230.0	(230.0)	—
Acquisition of properties for investment to enhance our portfolio of properties for investment	50.7	(50.7)	—
General working capital of the Group	30.1	(30.1)	—
TOTAL	310.8	(310.8)	—

PROSPECTS

2017 will be a year of challenges and uncertainties. The change of political and economic environment in U.S., Europe and China is varying the consumer sentiment. The hiking of U.S. interest rate also makes relatively great impact on the confidence and forecast of the property market development. In Hong Kong, the continuous release of the cooling measures also affect the transaction volume of the residential properties, especially in the second-hand market. However, the concrete demand for the new home buyers and relatively low-interest environment have stabilised the transaction price and volume in short run.

The Group has made a great success in the pre-sales of two Ma On Shan projects, namely The Met. Bliss and The Met. Blossom, for contracted pre-sales amounting to approximately HK$4.0 billion in a 3-month period. The Group is confident in the Hong Kong property market and is currently preparing for the launch of the Shatin project, the Met. Acappella.

To replenish the land bank, the Group has newly acquired the new site in Yiu Sha Road, Whitehead, Ma On Shan, in May 2017. The Group will keep looking for opportunities in property acquisition and further enhance its operational efficiency and effectiveness to strengthen the real estate business. The Group continues to capture every opportunity for its development and aims to achieve solid returns to our shareholders.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yiu Hung Gary, aged 61, has been appointed as an executive Director and Chief Executive Officer of the Company since 3 December 2015. He is also appointed as an authorised representative, the chairman of the executive committee and a member of the remuneration committee of the Company. Mr. Wong is primarily responsible for strategic planning and the overall management and supervision of operations of our Group. He also serves as a director of most of the subsidiaries of our Group. Mr. Wong joined WOG in February 2004 as the general manager of the property department (sales and marketing) until February 2008. He subsequent acted as a director of Easy One Financial Group Limited (formerly known as PNG Resources Holdings Limited), a company listed on the Main Board of the Stock Exchange, during the period from 13 February 2008 to 10 July 2015, where he was responsible for property development and sales and marketing in the PRC. Mr. Wong then re-joined WOG in December 2013 as the director (sales and marketing) of the property development department. He has over 30 years of experience in property development, leasing, sales and marketing. He plays a strategic role on property acquisition, investment and development in both commercial and residential properties, especially in Hong Kong property market. Prior to joining WOG, Mr. Wong held various senior positions in reputable and sizeable property developers.

Mr. Tang Ho Hong, aged 31, has been appointed as an executive Director since 3 December 2015. He is also appointed as a member of the executive committee and the nomination committee of the Company. Mr. Tang is primarily responsible for the overall management and supervision of operations of our Group, including overseeing property sales and leasing, asset management and investment, and strategic planning on long and short term development. Mr. Tang has over six years of experience in property and land matters. Prior to joining the Company, Mr. Tang worked with WOG in January 2011 as assistant general manager where he focused on property acquisition in Hong Kong and acquired his experience in the property development, management and investment businesses. Mr. Tang graduated from The University of Washington with a degree of Bachelor of Arts in Business Administration. Mr. Tang is a member of the Henan Provincial Committee of The Chinese People's Political Consultative Conference.

Non-Executive Director

Mr. Chan Chun Hong, aged 53, has been appointed as the non-executive chairman of the Company since 23 December 2015. Prior to the listing of the Group, Mr. Chan has been working for Wang On as an executive director since March 1997. He is also appointed as an authorised representative, the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for formulating overall strategies and the overall corporate development of the Group. He is also the managing director of WOG and Wai Yuen Tong Medicine Holdings Limited ("**Wai Yuen Tong**"), the managing director and the chairman of Easy One Financial Group Limited and the chief executive officer and the chairman of China Agri-Products Exchange Limited, all of which are companies listed on the Main Board of the Stock Exchange. Mr. Chan resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited, a company listed on the Stock Exchange, on 27 June 2014. Mr. Chan graduated from the Hong Kong Polytechnic University with a degree of Bachelor of Arts in Accountancy. He was admitted as a fellow of The Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants.

Independent Non-Executive Directors

Mr. Li Wing Sum Steven, aged 60, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is appointed as the chairman of the audit committee and a member of the remuneration and nomination committees of the Company. He was admitted as an associate of The Association of Chartered Certified Accountants in April 1986 and subsequently a fellow member in April 1991. He was also admitted as an associate of the Hong Kong Institute of Certified Public Accountants in May 1986 and subsequently a fellow member in December 1993. He was admitted as a fellow member of the Taxation Institute of Hong Kong in January 1999 and a member of the Hong Kong Institute of Directors in January 2008. He has over 30 years' experience in auditing, accounting,

BOARD OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

taxation, financial management and corporate secretarial. Mr. Li worked for an international accounting firm and held senior posts as group financial controller in various companies. He is also the independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd., a company listed on the Main Board of the Stock Exchange and the company secretary respectively of Shanghai Fudan Microelectronics Group Company Limited and China National Culture Group Limited, both companies are listed on the Main Board of the Stock Exchange.

Mr. Sung Tze Wah, aged 71, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is appointed as a member of the audit, remuneration and nomination committees of the Company. He has extensive experience in the surveying sector for over 30 years. Mr. Sung was elected as a professional associate of the Royal Institution of Chartered Surveyors in November 1972, a fellow of The Hong Kong Institute of Surveyors in March 1997, a member of The Singapore Institute of Surveyors and Valuers in April 1989, and was admitted as an associate of The Chartered Institute of Arbitrators in April 1984. Mr. Sung was appointed as the executive estates officer by the Housing & Development Board of the Singapore government from October 1984 to July 1990. He was then promoted to senior estates officer during the period of August 1990 and March 1992. Mr. Sung established LDS International Group Limited and Lawson David & Sung Surveyors Limited in Hong Kong in 1992 and 1996 respectively and is currently a director of Lawson David & Sung Surveyors Limited.

Sr Dr. Leung Tony Ka Tung, aged 68, has been appointed as an independent non-executive Director of the Company since 17 March 2016. He is appointed as the chairman of the remuneration committee and a member of the audit and nomination committees of the Company. He has over 40 years of experience in the property and hotel industry through his prior employments with the Lands Department of the Hong Kong government from January 1977 to June 1978, and from the 1980's onwards, with various prominent property developers as well as a leading surveyor company in Hong Kong. In 1994, he founded TL Property Consultants International Limited and he is currently a director of the TL Property Group companies. Dr. Leung also acted as an independent non-executive director of South China Holdings Company Limited, a company listed on the Main Board of the Stock Exchange, and South China Assets Holdings Limited (formerly known as South China Land Limited), a company listed on the Growth Enterprise Market of the Stock Exchange, for the period from December 2012 to June 2017. Dr. Leung obtained a degree of Doctor of Philosophy in Business Administration from Empresarial University in November 2002 through distance learning, a degree of Master of Science in International Real Estate (with Distinction) from The Hong Kong Polytechnic University in November 2004, and a degree of Bachelor of Social Science (Hons) in Economics and Business Administration from Chung Chi College of The Chinese University of Hong Kong in December 1976. Dr. Leung was registered as a professional surveyor (GP/PD/PFM) in Hong Kong respectively in January 2006 (GP) and April 2014 (PD and PFM). He was also admitted as a fellow member of The Hong Kong Institute of Surveyors in February 2012, a fellow member of The Royal Institution of Chartered Surveyors in June 2008 and a fellow member of Hong Kong Institute of Real Estate Administrators in November 1985. He is currently the vice president of the Hong Kong Institute of Surveyors, the vice chairman of Surveyors Registration Board, a member of Supervisory Board and Nominating Committee of the Hong Kong Housing Society, a member of Appeal Tribunal Panel of HKSAR and a member of the Planning Sub-committee of the Land and Development Advisory Committee of the Planning Department.

SENIOR MANAGEMENT

Mr. Yeung Yiu Man, is the director of the quantity surveying division of the Group. Mr. Yeung is responsible for managing various property developments of the Group and its subsidiaries, and has overall responsibility for all aspects of cost and quality control of construction works. Mr. Yeung obtained a degree of Master of Science in Management from the Hong Kong Polytechnic University. He was admitted as a member of the Chartered Institute of Building in May 1992 and elected as a member of the Royal Institute of Chartered Surveyors in November 2008. He possesses a wide spectrum of experience in the property industry and has been active in property developments for more than 31 years, in which 11 years was gained from a major Hong Kong listed property developer.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Ms. Ching Tak Won Teresa, is the general manager of the Group's property development division. She obtained a degree of Bachelor of Business Administration in Marketing and Management of Organisations from The Hong Kong University of Science and Technology. She has more than 12 years of experience in the property industry. Prior to joining the Group in 2016, she joined WOG in 2008 and acted as the assistant general manager (sales and marketing) of WOG.

Mr. Ip Shu Pui, is the legal counsel of the Group. Mr. Ip obtained a Bachelor of Laws with Honours Degree from The City University of Hong Kong. He has been qualified as a solicitor in Hong Kong since December 1996. Mr. Ip worked in WOG since 2005 prior to joining the Group in 2016.

Mr. Cheung Tak Ming Tommy, joined the Group in February 2017 and is currently the General Manager of Site Management Department of the Group. He is responsible for construction progress and quality assurance of the on-going projects.

Mr. Cheung is graduated from The City University London in 1980 with his BSc degree in Civil Engineering. He obtained his MSc degree in Structural Engineering from the University of Survey in 1981. Mr. Cheung is the Corporate Member of the Hong Kong Institution of Engineers (Civil Division), the Institution of Civil Engineers, the Institution of Engineers Australia (Civil Division) and the Chartered Institution of Highways and Transportation. Mr. Cheung is Registered Professional Engineer of the Engineers Registration Board and Chartered Engineer of the Engineering Council.

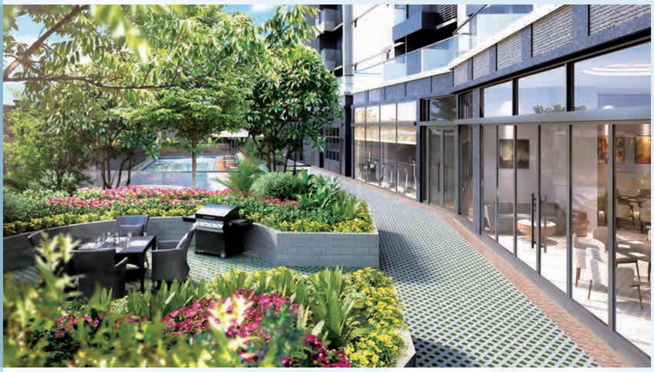
Mr. Cheung has over 35 years of working experience in both design and construction of major infrastructure projects and mega building projects. He has been involved in design of various major infrastructures in related to Tsuen Wan Bypass Projects, Tuen Mun Light Rail Transit Project and Tuen Mun New Town Development Projects. Mr. Cheung has also been involved in site supervision of construction of Tuen Mun Hospital, bank headquarter building in Central, pharmaceutical plants and PRC Mega Mix-used Projects.

Mr. Cheung has been responsible and in-charged of construction of various residential projects including Kingswood Villa in Tin Shui Wai, Villa Esplanada in Tsing Yi, Queen's Terrace in Sheung Wan, luxury development projects in Shing Woo Crescent & Conduit Road. Mr. Cheung recently oversees the Site Management of the on-going projects of the Group.

Mr. Chan Cheong Shing Bryan, is the Director of the project planning division of the Company. Mr. Chan is responsible for managing the planning, design and works of our property developments. Mr. Chan obtained a degree of Bachelor of Arts (Architectural Studies) in 1993 and a degree of Master of Architecture in 1996 respectively from the University of Hong Kong. He is a Registered Architect of Hong Kong, a member of the Hong Kong Institute of Architects, as well as an Authorised Person in Building Authority's Register under the list of architects. He has also obtained the qualification of People's Republic of China Class I Registered Architect. Mr. Chan has more than 20 years of experience in property development projects and he was the director of an architect's firm prior to joining the Group in 2016.

Ms. Wong Chin Han, is the financial controller and company secretary of the Company. Ms. Wong is responsible for the accounting and financial functions, internal control and secretarial affairs of the Group. She graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration. She is a member of the American Institute of Certified Public Accountants. Ms. Wong joined WOG in 2008, where she, in addition to financial management and reporting matters, also participated in the preparation of WOG's regulatory announcements and circulars. Prior to joining WOG, Ms. Wong worked in another Listed Company and an international accountancy firm. She has more than 20 years of experience in professional accounting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ABOUT THE REPORT

The Company is pleased to present its first Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") for 2017, which is published in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The purpose of the ESG Report is to enhance understanding of our stakeholders on our ESG management approach. By engaging stakeholders, we aim to contribute to environmental sustainability and to the community where we operate. The Board acknowledges its responsibility to ensure the integrity of the ESG Report and confirms that it has reviewed and approved the report.

Reporting Period and Scope

The ESG Report presents information relevant to the ESG initiatives undertaken by the Group. Supplementing our 2017 Annual Report, this ESG Report discloses our progress on environmental and social aspects from 1 April 2016 to 31 March 2017.

Feedback

To improve the ESG Report in the future, the Company values feedbacks regarding the content disclosed in the report. Stakeholders are welcomed to direct their feedback and comments to us.

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Kowloon, Hong Kong
Tel: (852) 2312 8288
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Email: pr@woproperties.com

ESG MANAGEMENT APPROACH

Striving to be a socially responsible property developer, the Company recognises the potential impacts to the environment and society caused by its projects developed. While we acknowledge the impacts caused, such as the pollutions from construction sites and nuisance to the neighbourhood, the Company strives to promote sustainability both within the Company and the community, where different departments contribute in managing the ESG initiatives together, striving to mitigate the impacts associated with our operations.

For the environmental impact, we incorporate environmentally friendly ideas in the building design to reduce energy consumption in our projects. As we commission contractors to conduct the construction, we monitor the contractors to ensure compliance of enviornmental laws and regulations. Looking ahead, the Company endeavours to pursue sustainable development while creating shared value for our stakeholders including investors, employees, suppliers, business partners, government, NGOs, etc.

Stakeholders Engagement

Stakeholders play a major role in our ESG management approach, through which the Company wishes to alleviate the stakeholders concern on respective material issues by optimising ESG management. The Company engages stakeholders in a variety of platforms. The table below shows the topics where the stakeholders may be concerned of and our corresponding engagement methods.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Key Stakeholders	Material Issues	Engagement Channels
Customers	• Customer satisfaction • Data privacy	• Websites • Business representatives • Email and service hotline
Suppliers and Contractors	• Stable business partnership	• Tendering and supplier evaluation
Employees	• Training and development • Occupational environment • Employee welfare	• Communications with supervisors • Training and teambuilding in retreat • Whistleblowing policy
Investors and Shareholders	• Corporate governance • Operational risk • Disclosure	• Annual general meeting • Annual report, ESG report and press releases
Government	• Compliance • Business ethics	• Compliance with laws and regulations • Regular seminar from government officials • Ongoing communication with relevant government department
Community	• Environmental protection • Corporate responsibility	• Support and volunteer for charity organisation • Cooperation with non-governmental organisations ("**NGOs**")

CARING FOR OUR PEOPLE

The Company acknowledges its employees as an asset of its business operation. The Company is dedicated to sustaining a delightful workplace for our employees. Complying the Employment Ordinance (Chapter 57 under the Laws of Hong Kong) and other relevant laws and regulations, our employee handbook has listed the employment policies in details, providing information of employment terms, rights and benefits. The Company does not tolerate the recruitment of child or forced labour and all kinds of discrimination, including but not limited to age, gender, religion and marital status. During the year, the Company was not aware of any non-compliance with laws and regulations having a significant impact relating to employment and labour practices. Nor did we identify any incidents relating to the use of child or forced labour.

The Company's remuneration policy is set in accordance with the industry practices, qualifications and performance. The Human Resources Department and the Head of Department review the performance of the employee annually, special adjustment appraisal will also be conducted for promotion or transfer arrangement. Other than basic benefits such as Mandatory Provident Funds and annual leave, the Company provides benefits such as hospital insurance, outpatient medical plans, paternity leave for male employees and marriage leaves.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Regarding our employees' health and safety, the Company has complied with the Occupational Safety and Health Ordinance (Chapter 509 under the Laws of Hong Kong) and there were no reports of any significant work-related injury or accident occurred during the year. We have also set out safety guidance for the employees, especially those working at the construction sites, to follow. Our on-site staff is responsible for monitoring health and safety measures on construction site, ensuring these measures complies with the laws and regulations in Hong Kong.

Employee Engagement

The Company encourages interaction between employees, thus, we organise recreation activities from time to time, such as retreat, volunteering and annual dinner, to foster team spirits. The Company has established a communication platform for employees to reflect their opinions regarding working nature, environment and their thoughts on the Company. Employees are welcome to discuss work-related issues with their supervisors in order to improve the Company's employment policy continuously.

Development and Training

Nurturing talent is key to our long-term success. The Company organises in-house training regularly for office staff and quality management training for on-site staff respectively, aiming to equip employees with professional knowledge and skill sets.

In addition to in-house training, the Company provides reimbursement for external training and professional qualification membership sponsorship for our employees. Programmes listed in Education Bureau Office for accredited continuing education and training courses are eligible for reimbursement.

STRIVING FOR OPERATING EXCELLENCE

Suppliers and sub-contractors are critical to our business success. Through the tendering process of contractors for every new construction project, the Company aims to maintain an open and fair manner when selecting contractors. When selecting sub-contractors, The Company evaluates their background, performance, quality of service and proposed timeline.

To maintain a high quality in all development projects, the Company is devoted to safeguarding the rights of our customers, ensuring our marketing materials are complied with the Residential Properties (First-hand Sales) Ordinance (Chapter 621 under the Laws of Hong Kong), and providing accurate information of the properties to the customers. As for the quality of the construction, we assign specific employees to station at the construction sites during the entire project development period to monitor the quality and progress. During the year, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Company concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Business Ethics

The Company strictly prohibits unethical business activities within the company and is committed to achieving the highest standards of openness, probity and accountability. The Company requires employees to report any observation of misconduct and malpractice in writing to the Chairman of the Board. The Company will then investigate by internal audit or compliance department. The audit committee of the Company reviews the effectiveness of the Policy regularly and ensures the proper arrangements are in place for a fair and independent investigation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Company regularly invites representatives from Independent Commission Against Corruption ("**ICAC**") to hold seminars for our employees, aiming to educate our business representatives with professional knowledge on ethical business practices. The Company has implemented a Whistleblowing policy for employees at all levels, divisions and departments, keeping the whistle blower's identity confidential and prevent harassment or victimisation of the whistle blower. During the year, there was no observation of any violation of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other relevant laws and regulations. Nor are we aware of any breach of laws and regulations that have a significant impact on the Group relating to extortion, fraud and money laundering.

The Company also strives to protect the information from our customers and business partners, complying the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). Employees are prohibited from disclosing any Company's or customer's confidential information to others, they should also avoid misappropriation or misuse of confidential information for monetary advantage or private uses.

CARING OUR COMMUNITY

Contributing to the society is our mission to the sustainable community. We have been supporting a variety of community activities and sponsorships, that aims to encourage our staff and their families to get involved in the community and improve physical and mental health, in response to our philosophy "A Passion for Tomorrow".

Po Leung Kuk Charity Run 2016

Our running team participated in the Po Leung Kuk Charity Run (the "**Run**") in December 2016 to support youth service and development. Through the running, we aim to support youth development in terms of their potentials and healthy living. While as, the Run can highly promote and raise the awareness of work-life balance lifestyle to the public.

Race for Water 2017

The Company participated in the "Race for Water 2017" in March 2017 as a prelude to the World Water Day, aiming to raise the public awareness on water scarcity. The Company supported the organisation where the fund raised is used for building water supply or purifying facilities to bring clean and safe water to villagers in the developing countries like Nepal and Cambodia.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

CARING FOR THE ENVIRONMENT

In managing our property development business, the Company recognises the impacts of our construction could cause to the environment. Even though the Company commissions independent contractors to conduct the construction works, we are determined to bear our share of social responsibility in tackling the environmental issues in the neighbourhood. The Company ensures the contractors are in compliance with relevant environmental laws, including but not limited to the Air Pollution Control Ordinance (Chapter 311 under the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 under the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 under the Laws of Hong Kong) and the Noise Pollution Control Ordinance (Chapter 400 under the Laws of Hong Kong) of the Laws of Hong Kong. The Company was not aware of any non-compliance with environmental laws and regulations during the year.

During the year, we improved our workplace by replacing equipment with higher energy efficiency. For instance, we installed LED and energy saving T5 tubes to replace traditional lightings; lights in the public area will be switched when it is out of office hours. When purchasing electronic appliances, the Company purchases appliances with high energy efficiency as labelled in the energy labels; sleep modes are applied for electronic appliances while they are not in used.

The Company continuously encourages its employees to raise the awareness in reduction of resources consumption. The Company has published a guideline in the office with recommendations on energy saving, water saving, waste reduction, green procurement, paper reduction and making good use of technology to save energy and resources.

Green Building

Striving to be a responsible property developer, the Company is committed to contributing to a better environment through integrating environmental management initiatives into property design phase. Our development projects, "The Met. Delight", "The Met. Blossom", "The Met. Bliss" and some other projects under development, joined the BEAM Plus New Building Certification Program, aiming to reduce the environmental impact caused by our projects and to offer a green lifestyle for our customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

HKEX ESG CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	**Emissions**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Caring for the Environment
Aspect A2	**Use of resources**	
General disclosure	Policies on efficient use of resources including energy, water and raw materials.	Caring for the Environment
Aspect A3	**The environment and natural resources**	
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Caring for the Environment
B. Social		
Aspect B1	**Working conditions**	
General disclosure	Information on: (c) the policies; and (d) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our People Employee Engagement
Aspect B2	**Health and safety**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Our People

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B3 General disclosure	**Development and training** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4 General disclosure	**Labour standards** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Caring for Our People
Aspect B5 General disclosure	**Supply chain management** Policies on managing environmental and social risks of the supply chain.	Striving for Operating Excellence
Aspect B6 General disclosure	**Product responsibility** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Striving for Operating Excellence
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Business Ethics
Aspect B7 General disclosure	**Anti-Corruption** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics
Aspect B8 General disclosure	**Community investment** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for Our Community

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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 comply with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The Board has reviewed periodically the compliance of the CG Code and is in the view that throughout the year ended 31 March 2017, the Company had complied with the applicable code provisions set out in the CG Code.

The Board continues to review periodically the compliance of the CG Code so as to safeguard and maximise the benefit of the stakeholders of the Company.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standards set out in the Model Code since 12 April 2016, being the date of the Listing (the "**Listing Date**") and up to the date of this report.

The Company also adopted a code of conduct regarding securities transactions on no less exacting terms than the Model Code by the relevant employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities pursuant to code provision A.6.4 of the CG Code. To the best knowledge and belief of the Directors, all relevant employees have complied with the required standards since the Listing Date and up to the date of this report.

BUSINESS MODEL AND STRATEGY

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and acquisition of commercial and industrial properties for capital appreciation. The Group's strategy for generating and preserving shareholders' value in the long run is to invest prudently in projects and opportunities which maximise return to the shareholders. With respect to property development, the Group actively explores opportunities and increases its land portfolio which forms the basis for generating gain in the property development. To cope with the dynamic and uncertain property market conditions, the Group mainly focuses on projects with shorter development cycle in order to provide greater turnover cycle, flexibility and reduction of business risk. On the other hand, the Group continues to maintain a balanced portfolio of property investments, regularly review its tenant mix, with an aim to maximise rental yield and secure a stable stream of income to support the recurring operations of the Group. Overall, the Group adopts a proactive and prudent approach in developing its business.

In short-term, the Group continuously reviews and updates its strategies to provide better clarity on direction and business models. The Group takes active and prompt measures to meet market changes through adjustment of business strategy and control over costs. Further, the Group strives to maintain a healthy financing structure and devotes effort to securing banking facilities which is regarded as an important element for supporting continuous business development of the Group.

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD

Roles and Responsibilities of the Board and the Senior Management

The Board is responsible for formulating of corporate strategies and internal control, reviewing and guiding the business and affairs, monitoring financial and operating performance and is individually and collectively accountable to the shareholders of the Company for the success and sustainable development of the Group. The independent non-executive Directors (the "**INEDs**") only account for various industry expertise and overseeing the Group's business, whilst the general management and day-to-day management are delegated to the executive Directors and the senior management, they will meet regularly to review the performance of the Group and to co-ordinate overall resources among the development of the Group.

Apart from these, the Board will consider and make decision for any major acquisitions and disposals, review of interim and annual financial results, appointments/removals of directors and auditor, evaluation on the performance and compensation of senior management, any material capital transactions and other significant operational and financial affairs. With a review to maintaining an appropriate balance of authority and responsibility, such functions are either carried out directly by the Board or indirectly through various committees established by the Board, with respective functions set out in their terms of reference. Currently, there are four board committees, namely executive committee (the "**Executive Committee**"), audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**").

All Directors will ensure that they can give sufficient attention to discharge their responsibilities to the affairs of the Company and the Directors have disclosed to the Company the identity and nature of offices held in any public organisation and other significant commitments on an annual basis.

During the year, regular Board meeting were held four times to review, consider and approve the, among others, annual and interim results and to review the business operations and the effectiveness of internal control systems of the Group. Apart from these regular meetings, Board meetings are also held, as and when necessary, to consider major issues. At least 14 days notice for each regular meeting is given to all Directors. All such minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director. Apart from the regular board meetings, the chairman also met with the INEDs without the presence of executive Directors during the year.

Composition

The Board currently has six Directors comprising two executive Directors, one non-executive Director and three INEDs. The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

There are no financial, business, family or other material relationships among the Directors. The biographical details of all Directors are set out on pages 19 to 20 of this report.

The Board possesses a mix and balance of skills and experience which are benefit for the requirements of the businesses of the Company. The opinion raised by the

CORPORATE GOVERNANCE REPORT (CONTINUED)

INEDs in Board meetings may facilitate the maintenance of good corporate governance practices. The Board has three INEDs, representing more than one-third of the Board, and at least one of the INEDs has the appropriate professional qualification and/or accounting and audit experience and expertise as required by Rules 3.10(1) and (2) and 3.10A of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company and its shareholders. All Directors are aware of the required levels of fiduciary duties, care, skill and diligence under Rule 3.08 of the Listing Rules.

In compliance with code provision A.3.2 of the CG Code, an updated list of the Directors identifying their role and function are available on the websites of the Company (www.woproperties.com) and the Stock Exchange (www.hkexnews.hk). The Company will review the composition of the Board from time to time to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business and to enhance the shareholders' value.

Details of the Directors' remuneration as set out in note 8 to the financial statements for the year ended 31 March 2017 is set out below:

Remuneration to the Directors	Number of individual
below HK$500,000	4
HK$500,000 to HK$1,000,000	—
HK$1,000,001 to HK$1,500,000	—
Over HK$1,500,000	2

Chairman and Chief Executive Officer

The roles of the Chairman and the chief executive officer held by Mr. Chan Chun Hong and Wong Yiu Hung Gary, respectively, are separate to reinforce their respective independence and accountability. Their respective responsibilities are clearly segregated, Mr. Chan Chun Hong is primarily responsible for formulation of overall strategic planning and leadership of the Board and Mr. Wong Yiu Hung Gary is responsible for the day-to-day business operations and implementation of the business strategies adopted by the Board.

Appointment and Re-election of the Directors

All INEDs are appointed for a term of not more than three years with specific term set out under respective letters of appointment which may be terminated by giving one-month notice. The non-executive Director is appointed for a term of not more than three years with specific term set out in the letter of appointment which may be terminated by giving three-month notice. The executive Directors are appointed for a term of not more than three years commencing from the Listing Date with specific term set out under respective service agreements which may be terminated by giving six -month notice. One-third of the Directors, including those appointed for a specific term, are subject to retirement by rotation and, being eligible, offer themselves for re-election at the annual general meetings in accordance with the Bye-law 84(1) of the bye-laws of the Company (the "**Bye-laws**"). In addition, Directors who are appointed by the Board to fill casual vacancies or as an addition to the existing Board are subject to re-election at the first general meeting of the Company after his/her appointment.

Independence of INEDs

The INEDs are required to confirm their independence upon their appointment and on an annual basis. The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 March 2017. The Company continues to consider all the INEDs to be independent for the year under review and up to the date of this report.

Corporate Governance

The Board has undertaken the responsibility for performing the corporate governance duties pursuant to code provision D.3.1 of the CG Code and is committed to ensuring that an effective governance structure is in place to continuously review, monitor and improve the corporate governance practices within the Group with regard to the prevailing legal and regulatory requirements.

The Board has adopted a Board diversity policy (the "**Diversity Policy**") stipulating the composition of the Board, reviewing the policies and measures on the Group's corporate governance, reviewing a code of conduct applicable to the Directors and employees, monitoring the Company's legal and regulatory compliance, training and continuing professional development of Directors and reviewing the Company's compliance with the CG Code and the disclosure in this report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

Board Diversity

The Company recognises increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives, sustainable and balanced development. In March 2016, the Company adopted the Diversity Policy which sets out the approach to diversify the Board.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The nomination committee will also consider factors based on the Company's business model, specific needs and meritocracy from time to time in determining the optimum composition of the Board.

During the period under review, the Board comprises six Directors, including two executive Directors, one non-executive Director and three INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional experience, skills and knowledge.

Having reviewed the Diversity Policy and the Board's composition, the nomination committee is satisfied that the requirements set out in the Diversity Policy had been met.

Continuous Professional Development

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company secretary regularly circulates training materials or briefings to all Directors in respect of the updates on, among other things, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") or guidelines, the Companies Ordinance and financial or accounting standards which may be of the interest to Directors.

In addition, the company secretary also provides and circulates to the Directors with monthly and regular updates relating to the Group's business, financial position and business environment, in which the Group operates. During the year, all Directors have complied with the code provisions in relation to continuous professional development, apart from reading materials relevant to the Company's business, director's duties and responsibilities.

The company secretary continuously updates Directors constantly on the latest developments regarding the Group's business and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, all Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the company secretary for accurate and comprehensive record keeping.

Liability Insurance for the Directors

The Company has arranged for appropriate directors and officers liability insurance to indemnify its Directors against liabilities arising out of legal action on corporate activities. Such insurance coverage is reviewed and renewed with consultant advice on an annual basis.

BOARD COMMITTEES

The Board has established various committees, including the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee, each of which has the specific written terms of reference that will be reviewed and updated, where necessary. Minutes of all meetings and resolutions of the committees are kept by the company secretary and open for inspection at any reasonable time on reasonable notice by any Director. Each committee is required to report to the Board on its decision and recommendations, where appropriate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Executive Committee

The Executive Committee has been established since March 2016 with specific terms of reference with authority delegated by the Board and is responsible for general management, supervising the day-to-day management, performance and operations in accordance with the business strategy and keeping under review strategy and business development initiatives of the Group and monitoring their implementation. Currently, the Executive Committee comprises two members, namely Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong and Mr. Wong Yiu Hung Gary takes the chair of the Executive Committee.

Audit Committee

The Audit Committee has been established on 17 March 2016 with specific written terms of reference, stipulating its authorities and duties in compliance with Rule 3.21 of the Listing Rules, which are available on the websites of the Company and the Stock Exchange. Currently, the Audit Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung and Mr. Li Wing Sum Steven is appointed as the chairman of the Audit Committee.

The functions of the Audit Committee is, among others, to assist the Board to review the financial reporting, including interim and final results, to supervise over the Group's internal controls, risk management and to monitor the internal and external audit functions, the appointment, the re-appointment and removal of auditor and to make relevant recommendations to the Board to ensure effective and efficient operation and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to be in compliance with the code provision of the CG Code (as amended from time to time).

The Audit Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Audit Committee members met twice with the Group senior management and the external auditor to discuss and review the following matters:

(a) the annual results for the year ended 31 March 2016 and the interim results for the six-month ended 30 September 2016 to ensure for full, complete and accurate disclosure in the aforesaid financial statements pursuant to the accounting standards and other legal requirement for presenting the same to the Board for approval;

(b) the term and remuneration for the appointment of Ernst & Young as external auditor to perform the agreed-upon procedures on the final results for the year ended 31 March 2016 and the interim results for the six-month ended 30 September 2016;

(c) the independence of the external auditor especially for those non-audit services;

(d) the continuing connected transaction(s) of the Group;

(e) the overall effectiveness of internal control and risk management systems; and

(f) the adequacy of resources, qualifications and experience of staff, the accounting and financial reporting matters and their training programmes and budget.

The Audit Committee is satisfied with, *inter alia*, the audit fees, effectiveness of the audit process, independence and objectivity of Ernst & Young and has recommended to the Board the re-appointment of Ernst & Young as the Company's external auditor for the ensuing year at the forthcoming annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee has been established on 17 March 2016 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties in compliance with code provision of B.1.2 of the CG

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code, which are available on the websites of the Company and the Stock Exchange. Currently, the Remuneration Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, one executive Director, namely Mr. Wong Yiu Hung Gary, and one non-executive Director, namely Mr. Chan Chun Hong, and Sr Dr. Leung Tony Ka Tung is appointed as the chairman of the Remuneration Committee. Majority of the Remuneration Committee are INEDs.

By reference to the corporate goals and objectives of the Company, the primary roles and functions of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy on the basis of basic salary and allowances, discretionary bonus and share options;

(b) to review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including, but not limited to, benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the directors' fee of the non-executive Director and INEDs with reference to the range of remuneration of other non-executive directors in the similar industry and allow any out-of-pocket expenses incurred in connection with the performance of their duties;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

(g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.

The Remuneration Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Remuneration Committee held one meeting, in which it reviewed the existing remuneration policy by reference with the market research, communicated with the chairman and chief executive officer and recommended amendments to the existing remuneration policy and performance-based bonus and approved the remuneration package and performance-based bonus paid to other Directors and senior management of the Company. No Director took part in any discussion or determination about his own remuneration.

The Remuneration Committee has discharged or will continue to discharge its major roles to, among other things, approve the terms of the service agreements of the Directors and the senior management, make recommendations with respect to the remuneration and policies of the Directors and senior management of the Company and to review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to the code provision B.1.5, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2017 is set out below:

Remuneration to the senior management by bands	Number of individual
below HK$500,000	1
HK$500,000 to HK$1,000,000	—
HK$1,000,001 to HK$1,500,000	3
Over HK$1,500,000	2

Nomination Committee

The Nomination Committee has been established on 17 March 2016 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties in compliance with code provision A.5.1 of the CG Code, which are available on the websites of the Company and the Stock Exchange. Currently, the Nomination Committee comprises three INEDs, namely, Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, one executive Director, namely Mr. Tang Ho Hong, and one non-executive Director, namely Mr. Chan Chun Hong, and Mr. Chan Chun Hong is appointed as the chairman of the Nomination Committee.

By reference to the corporate goals and objectives of the Company, the primary roles and functions of the Nomination Committee are as follows:

(a) to review and evaluate the structure, size and composition (including diversity, skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(c) to assess the independence of INEDs;

(d) to monitor the continuous professional development of the Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;

(f) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent; and

(g) the chairman or another member of the Nomination Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders on the Nomination Committee's activities and responsibilities.

The Nomination Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review, the Nomination Committee held one meeting to discuss and review the following matters:

(a) the existing structure, size and composition (including the skills, knowledge and experience) of the Board appropriate for the requirements of the business of the Group and to make recommendations on any proposal changes, if any, to complement the Company's corporate strategy;

(b) the Board Diversity Policy; and

(c) recommend the retirement by rotation and the re-appointment of Mr. Chan Chun Hong and Mr. Li Wing Sum Steven as a non-executive Director and an INED, respectively, at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT (CONTINUED)

ATTENDANCE OF DIRECTORS AT VARIOUS MEETINGS

Details of the attendance of individual Directors at Board meetings, committee meetings and shareholders' meetings held during the year ended 31 March 2017 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual general meeting	Special general meeting
Wong Yiu Hung Gary	4/4	N/A	1/1	N/A	1/1	0/1
Tang Ho Hong	4/4	N/A	N/A	1/1	1/1	0/1
Chan Chun Hong	4/4	N/A	1/1	1/1	1/1	1/1
Li Wing Sum Steven	4/4	2/2	1/1	1/1	1/1	1/1
Sung Tze Wah	4/4	2/2	1/1	1/1	1/1	0/1
Leung Tony Ka Tung	4/4	2/2	1/1	1/1	1/1	0/1

EXTERNAL AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, Ernst & Young, for the year ended 31 March 2017 are set out as follows:

Services rendered for the Group	Fees paid/payable to Ernst & Young HK$'000
Audit services:	
— annual financial statements	1,850
Non-audit services:	
— agreed-upon procedures	270
— taxation and professional services	874
— other professional services	208
Total:	3,202

CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements which gives a true and fair view of the financial position of the Group and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. In preparing the accounts for the year ended 31 March 2017, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the financial statements and have presented an understandable assessment of the Group's position and prospects.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the accounts is prepared on a going concern basis and they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Directors continue to explore any opportunities with potential investors to enhance its financial position and business development of the Group by way of refinancing, extension of borrowings and/or fund raising.

A statement by the auditor about their reporting responsibilities is set out on pages 49 to 53 of this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has undertaken the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems during the year under review, whilst the Audit Committee was overseeing and monitoring the effectiveness of these systems. The management of the Group was responsible for implementing and maintaining sound and effective risk management and internal control system that safeguard the Group's assets and stakeholders' interest in aspects including operation, financial and compliance.

The Group has established risk management procedures to address and handle the all significant risks associate with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment.

The management would identify the risks associate with the business of the Group by considering both internal and external factors and events which include political, economic, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year under review, the Company appointed external advisers to undertake the internal audit function and perform the ongoing monitoring of the systems of internal control of the Group and has reported their findings and recommendations to the Audit Committee and followed up the status of implementation of the recommendations to ensure all significant control activities are properly in place within the Group. The Group has adopted a risk-based approach in developing the annual internal audit plan to cover business activities with material risks across the Group. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit. All findings and recommendations on internal control deficiencies for the year have been communicated to the management, who are required to establish remedial plans to correct those internal control deficiencies within a reasonable time period. Post-audit review is performed to monitor those agreed recommendations having been implemented as intended and on a timely basis. Based on the audit and post-audit review, the advisers reported that there was no significant deficiency on the internal control system of the Group for the year had been noted.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Review on risk management and internal control system

The Company has conducted annual review on the effectiveness and efficiency of the Group's risk management and internal control systems for the year ended 31 March 2017 and the management confirmed that there is no significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31 March 2017. The Board has reviewed with the Audit Committee and satisfied and confirmed that the Group's risk management and internal control systems in respect of financial, operational, compliance, risk management and adequacy of resources were effective and adequate.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company aims at promoting and maintaining effective communications with shareholders and investors (both individuals and institutions) (collectively the "**Stakeholders**") to ensure that the Group's information is disseminated to Stakeholders in a timely manner and enable them to have a clear assessment of the enterprise performance. A shareholders communication policy has been adopted by the Company and the same is available on the website of the Company. Other major means of communications includes:

Disclosures in Corporate Website

Extensive information on the Group's activities and financial position will be disclosed in the annual reports, interim reports, announcements, circulars and other corporate communications which will be sent to shareholders and/or published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.woproperties.com). Other inside information is released by way of formal public announcements as required by the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

General Meeting with Shareholders

The Company also acknowledges that annual general meetings and various general meetings are valuable forums for the Board to communicate directly with the shareholders and members of the Board and the members of various committees are encouraged to attend and answer questions at such general meetings.

In order to let shareholders to make an informed decision at the general meetings, sufficient notices with not less than 10 clear business days for every general meeting and 20 clear business days for every annual general meeting were given to the shareholders of the Company pursuant to E.1.3 of the CG Code, the Bye-laws and any other applicable laws. The chairman will explain the detailed procedures for conducting a poll vote during the proceedings of meetings and answer all questions raised by shareholders. All resolutions put to vote at general meetings are taken by poll and the poll results are posted on the website of the Company and the Stock Exchange immediately following the holding of the general meetings.

Investor Relations

The Group also has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors and participated in investor and press conferences.

Shareholders' Rights of Convening a Special General Meeting

Pursuant to Bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require a special general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such

CORPORATE GOVERNANCE REPORT (CONTINUED)

requisition. If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended), but any meeting so convened shall not be held after the expiration of three months from the said date.

The requisition (i) must state the purpose of the SGM; and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong (the "**Principal Place of Business**") for the attention of the company secretary. The requisition will then be verified with the Company's Branch Share Registrar and Transfer Office and upon its confirmation that the requisition is proper and in order, the company secretary will forward the requisition to the Board and inform the Board to convene a SGM by serving sufficient notice to all Shareholders of the Company.

Putting forward proposals at shareholders' meetings

To put forward proposals at an annual general meeting or a special general meeting, the shareholders shall submit a written notice of those proposals with the detail contact information to the company secretary of the Company at the Principal Place of Business. The request will be verified with the Company's Branch Share Registrar and Transfer Office and upon its confirmation that the request is proper and in order, the company secretary will ask the Board to include the resolution in the agenda for the general meeting. Moreover, the notice period to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to Bye-law 59(1) of the Bye-laws:

(a) for an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered, it shall be called by not less than twenty-one clear days' notice (the notice period must include twenty clear business days under the Listing Rules' requirement); and

(b) for all other general meetings (including a special general meeting), they may be called by not less than fourteen clear days' notice (the notice period must include ten clear business days under the Listing Rules' requirement).

Proposing a Person for Election as a Director

The procedures for proposing candidate(s) for election as director(s) at a general meeting are set out in the "Corporate Governance" under section headed under "About Wang On Properties" on the website of the Group at www.woproperties.com.

Enquiries to the Board

Shareholders and stakeholders may send their enquiries and concerns, in written form, to the Board or the company secretary by email to pr@woproperties.com or by addressing their enquiries to the Board or the company secretary in the following manners:

In respect of the corporate affairs:
Company Secretary/Corporate Communications Manager
Wang On Properties Limited
Suite 3201, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

In respect of the other shareholding/entitlement affairs:
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WHISTLEBLOWING POLICY

The Company has adopted a whistleblowing policy to facilitate the achieving of high possible standards of openness, probity and accountability. Procedures are formulated to enable individual employees to disclose internally and at a high level, information which the individual believes that it shows malpractice or impropriety within the Group. During the year under review, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMPANY SECRETARY

Ms. Wong Chin Han, who was appointed as a full-time employee company secretary of the Group, reports directly to the Board and is responsible for, inter alia, providing updated and timely information to all Directors from time to time.

During the year ended 31 March 2017, Ms. Wong has complied with Rule 3.29 of the Listing Rules.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It has made donations for community wellbeing from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services.

CONSTITUTIONAL DOCUMENT

During the year ended 31 March 2017 and up to the date of this report, there was no change in the constitutional document. The Memorandum of Association and Bye-laws are available on the websites of the Stock Exchange and the Company at (www.hkexnews.hk) and (www.woproperties.com), respectively.

CONCLUSION

Going forward, the Group will continue to review regularly its corporate governance practices to maintain high level of transparency, to enhance the Company's competitiveness and operating efficiency and to ensure its sustainable development and to generate greater returns for the stakeholders of the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development and property investment in Hong Kong, details of which are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2017 and the Group's financial position at that date are set out in the consolidated financial statements on pages 54 to 117.

The Group's revenue and profit and total comprehensive income attributable to owners of the parent for the year ended 31 March 2017 amounted to approximately HK$152.4 million (2016: approximately HK$645.5 million) and approximately HK$ 38.8 million (2016: approximately HK$410.0 million), respectively.

For prudence sake and for the purpose of reserving more resources for future development, the Board does not recommend any distribution of interim and final dividends for the financial year ended 31 March 2017.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 120 of this report. This summary does not form part of the audited financial statements.

BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

The business review and the key financial performance indicators to the businesses of the Group, including, among other things, the information set out below, are disclosed in the "Management Discussion and Analysis" on pages 10 to 18 of this report:-

(a) a fair review of the Group's business;

(b) principal risk factors;

(c) an analysis using financial key performance indicators; and

(d) future development in the Group's business.

As far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2017.

SHARE CAPITAL AND SHARE OPTIONS

With the shareholders' approval at the special general meeting of the Company held on 6 December 2016, every one (1) existing issued and unissued ordinary share of par value of HK$0.01 in share capital of the Company was subdivided into ten (10) shares of par value of HK$0.001 with effect from 7 December 2016. Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 23 and 24 to the financial statements, respectively.

REPORT OF THE DIRECTORS (CONTINUED)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director and other officers shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, losses or liabilities which they may incur or sustain by or by reason of any act done about the execution of the duties of their respective office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Group for the year.

DISTRIBUTABLE RESERVES

At 31 March 2017, the Company's reserves available for distribution to equity holders of the parent, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK$2,048.0 million (2016: approximately HK$2,023.5 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, sales to the Group's five largest customers accounted for approximately 45.7% (2016: 15.0%) of the total revenue and the sales to the single largest customer accounted to approximately 30.2% (2016: approximately 6.7%). Acquisition cost of land/properties and cost of services certified by authorised person of the Group's five largest suppliers accounted for approximately 93.1% (2016: approximately 92.2%) of the total acquisition cost of land/properties and cost of services certified by authorised person of and the single supplier included therein amounted to approximately 57.2% (2016: approximately 36.0%) of the total purchases for the year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors

Mr. Wong Yiu Hung Gary, *Chief Executive Officer*
Mr. Tang Ho Hong

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

Independent Non-executive Directors

Mr. Li Wing Sum Steven
Mr. Sung Tze Wah
Sr Dr. Leung Tony Ka Tung

REPORT OF THE DIRECTORS (CONTINUED)

In accordance with Bye-law 84(1) of the Bye-laws, Mr. Chan Chun Hong and Mr. Li Wing Sum Steven will retire and, being eligible, will offer themselves for re-election as a non-executive Director and an INED, respectively, at the forthcoming annual general meeting.

The Company has received written annual confirmations of independence from Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, being all INEDs, pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 19 to 21 of this report.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in notes 8 and 31 to the financial statements, no Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the holding company of the Company or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2017, none of the Directors and chief executive of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") with the approval of the shareholders of the Company at the annual general meeting held on 9 August 2016 for the primary purpose of providing incentives or rewards for the eligible persons for their contribution or potential contribution to the development and the growth of the Group. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by the shareholders in a general meeting, will remain in full force for a period of 10 years from that date.

REPORT OF THE DIRECTORS (CONTINUED)

Under the Share Option Scheme, share options may be granted to any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group or holding company or any substantial shareholder or any company controlled by a substantial shareholder, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants.

The Board may grant share options to eligible participants to subscribe for shares of the Company for a consideration of HK$1.00 for each lot of share options granted which must be accepted within 30 days from the offer date. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The maximum number of share options that may be granted under the Share Option Scheme is the number, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 10% of the number of shares in issue, as at the date of approval of the Share Option Scheme.

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an INED or any of their respective associates) under the Share Option Scheme within any 12-month period is limited to 1% of the number of shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his/her associates abstaining from voting. Share options granted to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the INEDs (excluding any INED who is the grantee of the options). Where any grant of share options to a substantial shareholder or an INED (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of Share Options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an INED (or any of their respective associates) is also required to be approved by shareholders.

The exercise price must be at least the higher of (i) the official closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange on the offer date which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 1,520,000,000 shares, representing 10.0% of the share capital of the Company in issue at the date of this report.

During the year, no share options were granted, exercised, lapsed, cancelled or outstanding under the Share Option Scheme.

Further details of the Share Option Scheme are set out in note 24 to the financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO showed that the following shareholders, had notified the Company and the Stock Exchange of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the ordinary shares of the Company:

Name of shareholder	Notes	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital (Note 3) %
WOG	(1)	Interest of controlled corporation	11,400,000,000	75.0
Mr. Tang Ching Ho	(2)	Other interest	11,400,000,000	75.0
Ms. Yau Yuk Yin	(2)	Other interest	11,400,000,000	75.0

Notes:

(1) WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited ("**WOE**") which in turn held the entire issued share capital of Earnest Spot Limited ("**Earnest Spot**"). Earnest Spot directly held 11,400,000,000 shares of the Company. Under the SFO, each of WOE and WOG was deemed to be interested in all the aforesaid shares held by Earnest Spot for the sole purpose of Part XV of the SFO.

(2) Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse's interest in WOG; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang's Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 51.76% of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest in WOG; and (iii) being a beneficiary of the Tang's Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin were deemed to be interested in all 11,400,000,000 shares of the Company held by WOG for the sole purpose of Part XV of the SFO

(3) Pursuant to an ordinary resolution passed by the shareholders at the special general meeting of the Company held on 6 December 2016, every one issued and unissued existing ordinary share of HK$0.01 in the share capital of the Company was subdivided into ten subdivided shares of HK$0.001 each, completion of which took place on 6 December 2016. The relevant percentages have been calculated by reference only to the aggregate number of shares of the Company in issue of 15,200,000,000 shares as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, no persons, other than Directors, had registered an interest or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

CONTINUING CONNECTED TRANSACTIONS

Immediately upon Wai Yuen Tong becoming a subsidiary of WOG on 29 September 2016, the following transactions constituted continuing connected transactions for the Company under Rules 14A.55 and 14A.56 of the Listing Rules:-

1. on 18 February 2015, Wai Yuen Tong (Retail) Limited ("**WYTR**") (a subsidiary of Wai Yuen Tong), as a tenant, and Oriental Sino Investments Limited ("**Oriental Sino**"), an indirectly wholly-owned subsidiary of WOG at the time the tenancy agreement was entered into and which became an indirectly wholly-owned subsidiary of the Company under the spin-off of the shares of the Company, as a landlord, entered into a tenancy agreement to lease a shop located at Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110,

REPORT OF THE DIRECTORS (CONTINUED)

112, 116, 118 & 120 Percival Street, Hong Kong for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK$900,000 (with an option exercisable by WYTR to renew the tenancy for further three years at the monthly rental of HK$1,020,000). Since 29 September 2016 and up to 31 March 2017, the total rental income received by Oriental Sino was approximately HK$5,460,000 which was within the specific cap of HK$5,500,000; and

2. on 21 December 2015 and 19 September 2016, Wai Yuen Tong and Daywin Limited (an indirectly wholly-owned subsidiary of Wai Yuen Tong), both as the licensors, entered into the office licensing agreements (the "**WOP Licensing Agreement**") with Wang On Services Limited and the office sub-licensing agreement (the "**WOP Office Sub-Licensing Agreement**") with Wang On Properties Services Limited, both as the licensees, (both are the indirectly wholly-owned subsidiaries of the Company) in respect of the licensing and sub-licensing (as the case may be) of office premises to the Group for the respective terms commencing from 22 December 2015 to 26 March 2017 (both dates inclusive) at a monthly license fee of HK$85,550 (in respect of the licensing of the office premises located at portion of the fifth floor of Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong under the WOP Licensing Agreement) and from 18 September 2016 to 17 July 2019 (both dates inclusive) at a monthly license fee of HK$414,672, together with other charges of an aggregate of HK$137,511 per month for management fee and air-conditioning, rates and other Government rent for the financial year ended 31 March 2017 (subject to adjustment) (in respect of the sub-licensing of the office premises located at units 01 and 07 to 12, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong under the WOP Office Sub-Licensing Agreement), respectively. Since 29 September 2016 and up to 31 March 2017, the total licensing fee paid by the Group to the WYT Group was approximately HK$3,855,000 which was within the specific cap of HK$3,900,000.

Details of the above transactions were set out in the announcement of the Company dated 24 April 2017.

The Directors (independent all the INEDs) have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; (iii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iv) has not exceeded the specified caps.

Ernst & Young, the Company's auditors, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the above continuing connected transactions disclosed above by the Group in accordance with Listing Rules 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Further details of other related party transactions undertaken by the Group in the ordinary course of business during the year, which fell under Rule 14A.73 of the Listing Rules, are set out in note 31 to the financial statements.

The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules and save as disclosed above, there were no other transactions which need to be disclosed as continuing connected transactions in accordance with the requirements of the Listing Rules.

REPORT OF THE DIRECTORS (CONTINUED)

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, WOG and the Company entered into a deed of non-competition (the "**Deed**") under which the WOG had undertaken, among other things, to make an annual declaration as to compliance with the terms of the Deed. The Company has received a confirmation from WOG that it has complied with the terms of the Deed for the year ended 31 March 2017 and INEDs have reviewed the compliance by the Parent Company with the Deed for that period.

DONATIONS

During the year, the Group made charitable and other donations totaling approximately HK$6.7 million (2016: approximately HK$11.6 million).

EMOLUMENT POLICY

The Group's emolument policy for its employees is set up and approved by the Remuneration Committee and the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee and the Board, as authorised by the shareholders at the annual general meeting, having regarded to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the share option scheme are set out in note 24 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 29 to 40 of this report.

INTERESTS OF THE COMPLIANCE ADVISERS

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Kingston Corporate Finance Limited to be the compliance adviser. Pursuant to the agreement dated 28 December 2015 entered into between KCF and the Company, KCF will receive fees for acting as the Company's compliance adviser.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient prescribed amount of public float as required under the Listing Rules since the Listing Date and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific terms of reference in compliance with Rule 3.21 of the Listing Rules on 17 March 2016. During the year, the Audit Committee met twice with the management and the external auditor to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters (including the agreed-upon procedures on the audited consolidated financial statement for the year ended 31 March 2016 and the review of consolidated interim results for the period of six-month ended 30 September 2016), the statutory compliance, internal controls, continuing connected transaction(s) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The consolidated financial statements for the year ended 31 March 2017 have been reviewed by the Audit Committee with the management and external auditor of the Company.

The Audit Committee, comprising three INEDs, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, has reviewed the consolidated financial

REPORT OF THE DIRECTORS (CONTINUED)

statements for the year ended 31 March 2017 with the management and the auditor. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events of the Group after the reporting period are set out in note 35 to the financial statements.

AUDITORS

The financial statements for the year ended 31 March 2017 have been audited by Messrs. Ernst & Young, who retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chan Chun Hong
Chairman

Hong Kong, 21 June 2017

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the shareholders of Wang On Properties Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Wang On Properties Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 117, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Estimation of fair value of investment properties	
The Group holds various investment properties in Hong Kong for rental earning purpose. Such investment properties were measured at fair value at the end of each reporting period and the aggregate carrying amount of these investment properties was approximately HK$1,229 million as at 31 March 2017, which represented about 15.3% of the total assets of the Group. Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. Management of the Company engaged an external valuer to perform the valuations of the investment properties as at 31 March 2017. The accounting policies and disclosures of investment properties are included in notes 2.4, 3 and 14 of the consolidated financial statements.	We evaluated the independence, competence and relevant experience of the external valuer engaged by the Company. We also assessed the scope of the valuation, critical judgements and data used in the valuations and evaluated the methodology and assumptions used. In addition, we evaluated the source data used in the valuations by benchmarking them to relevant market information.
Net realisable value of properties under development	
The Group's properties under development are stated at the lower of cost and net realisable value. As at 31 March 2017, the carrying value of the Group's properties under development amounted to approximately HK$3,519 million, which represented about 43.8% of the total assets of the Group. Significant estimation is required to determine the net realisable values of the properties under development, which reflects market conditions at the end of the reporting period. Management of the Company engaged an external valuer to perform the valuations of the properties under development as at 31 March 2017. The accounting policies and disclosures of properties under development are included in notes 2.4, 3 and 15 of the consolidated financial statements.	We evaluated the fair value estimation of the properties under development performed by the external valuer with the assistance of our internal valuation specialist. In particular, we evaluated the valuation methodology applied and the assumptions, such as unit cost or unit selling price adopted in the valuation of the properties under development. We also compared the net realisable value to current selling prices for those projects which have commenced pre-sale. We also evaluated the estimated costs to completion of the construction of the properties under development and estimated costs of disposal prepared by Management of the Company. In addition, we assessed the independence, competence and relevant experience of the external valuer engaged by the Company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHUNG, Ho Ling.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

21 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	5	**152,417**	645,486
Cost of sales		**(92,464)**	(417,110)
Gross profit		**59,953**	228,376
Other income and gains, net	5	**12,792**	311,655
Selling and distribution expenses		**(52,669)**	(48,384)
Administrative expenses		**(71,157)**	(139,885)
Finance costs	7	**(12,333)**	(28,591)
Fair value gains on investment properties, net	14	**43,213**	20,694
Reversal of write-down of properties under development		**44,411**	49,564
PROFIT BEFORE TAX	6	**24,210**	393,429
Income tax credit	10	**4,175**	15,314
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28,385**	408,743
Profit and total comprehensive income attributable to:			
Owners of the parent		**38,816**	410,000
Non-controlling interests		**(10,431)**	(1,257)
		28,385	408,743
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(restated)
Basic and diluted	12	**HK0.26 cents**	HK3.60 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,314**	70
Investment properties	14	**1,229,300**	579,200
Properties under development	15	**415,004**	350,000
Deposit and other receivable	17	**32,844**	—
Deferred tax assets	22	**10,950**	1,577
Total non-current assets		**1,689,412**	930,847
CURRENT ASSETS			
Properties under development	15	**3,103,588**	2,560,519
Properties held for sale	16	**—**	92,473
Prepayments, deposits and other receivables	17	**1,874,491**	14,977
Tax recoverable		**3,331**	1,022
Cash and cash equivalents	18	**1,357,233**	475,831
Total current assets		**6,338,643**	3,144,822
CURRENT LIABILITIES			
Trade payables	19	**45,363**	37,508
Other payables and accruals	20	**11,595**	25,738
Deposits received and receipts in advance		**2,709,175**	13,567
Interest-bearing bank and other loans	21	**432,502**	326,677
Tax payable		**21,515**	49,448
Total current liabilities		**3,220,150**	452,938
NET CURRENT ASSETS		**3,118,493**	2,691,884
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,807,905**	3,622,731
NON-CURRENT LIABILITIES			
Other payables	20	**—**	21,973
Interest-bearing bank and other loans	21	**2,413,416**	1,567,044
Deferred tax liabilities	22	**2,875**	2,573
Total non-current liabilities		**2,416,291**	1,591,590
Net assets		**2,391,614**	2,031,141

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	23	**15,200**	1
Reserves	25	**2,388,159**	2,032,454
		2,403,359	2,032,455
Non-controlling interests		**(11,745)**	(1,314)
Total equity		**2,391,614**	2,031,141

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

		Attributable to owners of the parent							
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 25(i))	Capital reserve HK$'000 (note 25(ii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015		—	—	—	(431)	238,971	238,540	(57)	238,483
Profit and total comprehensive income for the year		—	—	—	—	410,000	410,000	(1,257)	408,743
Issue of new shares		1	—	—	—	—	1	—	1
Dividend paid to the then shareholders	11	—	—	—	—	(170,000)	(170,000)	—	(170,000)
Deemed contribution from the Remaining WOG Group		—	—	1,553,914	—	—	1,553,914	—	1,553,914
At 31 March 2016 and 1 April 2016		1	—	1,553,914	(431)	478,971	2,032,455	(1,314)	2,031,141
Profit and total comprehensive income for the year		—	—	—	—	38,816	38,816	(10,431)	28,385
Issue of new shares pursuant to the Share Offer	23	3,800	345,800	—	—	—	349,600	—	349,600
Issue of new shares pursuant to the Capitalisation Issue	23	11,399	(11,399)	—	—	—	—	—	—
Share issue expenses		—	(17,512)	—	—	—	(17,512)	—	(17,512)
At 31 March 2017		15,200	316,889*	1,553,914*	(431)*	517,787*	2,403,359	(11,745)	2,391,614

* These reserve accounts comprise the consolidated reserves of HK$2,388,159,000 (2016: HK$2,032,454,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		24,210	393,429
Adjustments for:			
Finance costs	7	12,333	28,591
Interest income	5	(3,566)	(110)
Gain on disposal of subsidiaries, net	5	—	(307,815)
Fair value gains on investment properties, net	14	(43,213)	(20,694)
Depreciation	6	92	1,487
Reversal of write-down of properties under development	15	(44,411)	(49,564)
Accrued rent-free rental income	14	1,228	(332)
		(53,327)	44,992
Decrease in properties held for sale		92,473	321,818
Increase in properties under development		(511,695)	(159,648)
Decrease/(increase) in prepayments, deposits and other receivables		(1,869,019)	135,962
Decrease in amounts due to the Remaining WOG Group		—	(98,255)
Increase/(decrease) in trade payables		7,855	(40,627)
Increase/(decrease) in other payables and accruals		(10,741)	21,033
Increase/(decrease) in deposits received and receipts in advance		2,695,608	(140,848)
Cash generated from operations		351,154	84,427
Profits tax paid		(34,998)	(76,525)
Net cash flows from operating activities		316,156	7,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,566	110
Additions to investment properties	14	(95,890)	(1,272)
Purchases of items of property, plant and equipment	13	(1,336)	(82)
Acquisition of a subsidiary that is not a business	27	(509,400)	—
Proceeds from disposal of subsidiaries	28	—	1,035,694
Decrease in amounts due from the Remaining WOG Group		—	1,017,829
Deposit paid for acquisition of a subsidiary		(27,455)	—
Net cash flows from/(used in) investing activities		(630,515)	2,052,279

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 March 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Net cash flows from/(used in) investing activities		**(630,515)**	2,052,279
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(114,969)**	(74,736)
Dividends paid		**—**	(170,000)
Repayment of bank loans		**(1,250,131)**	(947,643)
Repayment of other loans		**(263,197)**	—
New bank loans		**2,447,488**	491,927
New other loans		**47,680**	9,200
Decrease in amounts due to the Remaining WOG Group		**—**	(1,135,487)
Proceeds from issue of shares	23	**349,600**	1
Share issue expenses		**(20,710)**	—
Net cash flows from/(used in) financing activities		**1,195,761**	(1,826,738)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**881,402**	233,443
Cash and cash equivalents at beginning of year		**475,831**	242,388
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,357,233**	475,831
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	**1,357,233**	475,831

NOTES TO FINANCIAL STATEMENTS

31 March 2017

1. CORPORATE AND GROUP INFORMATION

Wang On Properties Limited is a limited liability company incorporated in Bermuda on 19 November 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016 (the "Listing Date").

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the property development and property investment businesses.

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

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

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Miracle Cheer Limited	BVI	Ordinary US$1	100	—	Investment holding
Antic Investment Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
City Global Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
City Target Limited	Hong Kong	Ordinary HK$1	—	100	Property development
Double Bright Limited*	Hong Kong	Ordinary HK$1	—	100	Property development

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
East Run Investments Limited ("East Run")	BVI	Ordinary US$1	—	100	Investment holding
Ever World Limited*	Hong Kong	Ordinary HK$1	—	100	Property development
Grandwall Investment Limited ("Grandwall")	Hong Kong	Ordinary HK$100	—	60	Property development
Longable Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
Million Link Investments Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
More Action Investments Limited ("More Action")	BVI	Ordinary US$1	—	100	Investment holding
New Earth Investments Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
New Rich Investments Limited ("New Rich")	Hong Kong	Ordinary HK$100	—	60	Property development
Oriental Sino Investments Limited	Hong Kong	Ordinary HK$2	—	100	Property investment
Precious Investments Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
Shiny World Investment Limited	Hong Kong	Ordinary HK$1	—	100	Property investment
Sky Earth Limited	Hong Kong	Ordinary HK$1	—	100	Investment holding

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sparkle Hope Limited	BVI	Ordinary US$1	—	100	Investment holding
Stadium Holdings Limited ("Stadium Holdings")	Hong Kong	Ordinary HK$2	—	100	Property investment
Vincent Investments Limited*	Hong Kong	Ordinary HK$2	—	100	Property development
Wang On Properties Services Limited	Hong Kong	Ordinary HK$1	—	100	Provision of management services
Wang On Services Limited	Hong Kong	Ordinary HK$1	—	100	Provision of management services
Wang To Investments Limited	Hong Kong	Ordinary HK$2	—	100	Property investment

* Certain bank loans of the Group are secured by share charges in respect of the equity interests of these subsidiaries (note 21).

Details of the subsidiaries acquired and disposed of during the year are summarised in notes 27 and 28 to the financial statements, respectively.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.1 BASIS OF PREPARATION

Pursuant to the Reorganisation, the subsidiaries now comprising the Group were under common control of the controlling shareholder before and after the Reorganisation. Accordingly, these financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the financial periods presented.

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 investment properties, which have been measured at fair value. 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 2017. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has assessed and adopted to the extent that is applicable to the Group, the following new and revised HKFRSs for the first time for the current year's financial statements.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11 and HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011) and certain amendments included in the Annual Improvements 2012-2014 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any disposal group held for sale during the year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
Annual Improvements 2014–2016 Cycle	Amendments to a number of HKFRSs[5]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption
5 Effective for annual periods beginning on or after 1 January 2017 or 2018, with early application permitted

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that 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 the 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 Group expects to adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

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 standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

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 recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 40 were issued with the purpose of clarifying 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 cease 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 Group expects to adopt the amendments from 1 April 2018.

Annual Improvements to HKFRSs 2014–2016 Cycle issued in March 2017 sets out amendments to a number of HKFRSs. Details of the applicable amendments are as follows:

HKFRS 12 *Disclosure of Interest in Other Entities*: Clarifies the scope of the standard by specifying that certain disclosure requirements are not required for subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

HKAS 28 *Investments in Associates and Joint Ventures*: Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The HK(IFRIC)-Int 22 was issued in June 2017 with the purpose of clarifying that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The Group expects to adopt the amendments from 1 April 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, properties held for sale, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	3%
Furniture, fixtures and office equipment	15% to 50%
Motor vehicle	20%
Computer equipment	15% to 33%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

When an operating lease contract is entered into with another party on a property originally held for sale and upon the commencement of the lease, the property is transferred to investment property. The difference between the fair value of the property at the date of transfer and its then carrying amount is recognised in profit or loss.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Sales deposits/instalments received and receivable from purchasers in respect of the pre-sale of properties under development prior to completion of the development are included in current liabilities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents and deposits and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primary derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists of one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals and interest-bearing bank and other loans.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) rental income, on a time proportion basis over the lease terms;

(b) from the provision of services, when the services are rendered;

(c) from the sale of properties (including properties under development and completed properties held for sale), by the time the properties are delivered to the purchasers and the sale agreements become unconditional; and

(d) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 24 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments — Group as lessor

The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details on deferred tax assets are included in note 22 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Valuation of properties under development

Properties under development is stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which the estimate is changed will be adjusted accordingly.

Fair value of investment properties

Investment properties including industrial and commercial units in Hong Kong and are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development of properties; and

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about 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 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 years ended 31 March 2017 and 2016, and the non-current assets of the Group were located in Hong Kong as at 31 March 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March

	Property development		Property investment		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**46,039**	567,509	**106,378**	77,977	**152,417**	645,486
Other revenue	**15,924**	3,051	**36,515**	332,155	**52,439**	335,206
Total	**61,963**	570,560	**142,893**	410,132	**204,856**	980,692
Segment results	**(2,593)**	103,154	**53,259**	343,661	**50,666**	446,815
Reconciliation:						
Interest income					**3,566**	110
Finance costs					**(12,333)**	(28,591)
Corporate and unallocated expenses					**(17,689)**	(24,905)
Profit before tax					**24,210**	393,429
Income tax credit					**4,175**	15,314
Profit for the year					**28,385**	408,743
Other segment information						
Depreciation	**92**	12	**—**	1,475	**92**	1,487
Reversal of write-down of properties under development	**44,411**	49,564	**—**	—	**44,411**	49,564
Capital expenditure*	**1,336**	82	**608,115**	1,272	**609,451**	1,354
Fair value gains/(losses) on investment properties, net	**6,726**	(2,967)	**36,487**	23,661	**43,213**	20,694

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

Information about major customers

Revenue of approximately HK$41,440,000 (2016: nil) was derived from sales by the property development segment to a single external customer.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

5. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	2017 HK$'000	2016 HK$'000
Revenue		
Sale of properties	126,470	613,927
Gross rental income	25,947	30,265
Property management fee income	–	1,294
	152,417	645,486
Other income and gains, net		
Interest income	3,566	110
Forfeiture of deposits from customers	8,232	2,693
Gains on disposal of subsidiaries, net (note 28)	–	307,815
Others	994	1,037
	12,792	311,655

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

6. PROFIT BEFORE TAX

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

	Note	2017 HK$'000	2016 HK$'000
Cost of services provided		–	6,254
Cost of properties sold		90,864	409,325
Depreciation	13	92	1,487
Minimum lease payments under operating leases		8,699	3,505
Auditor's remuneration		1,850	1,750
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		54,140	86,118
Pension scheme contributions		849	923
Less: Amount capitalised		(11,457)	(12,991)
		43,532	74,050
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		1,600	1,531

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 HK$'000	2016 HK$'000
Interest on bank loans and other loans	64,300	74,736
Less: Interest capitalised	(51,967)	(46,145)
	12,333	28,591

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing Listing of Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 HK$'000	2016 HK$'000
Fees	641	—
Other emoluments:		
Salaries, allowances and benefits in kind	4,263	3,608
Performance-related bonuses*	9,987	9,733
Pension scheme contributions	36	91
	14,286	13,432
	14,927	13,432

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Group's operating results, individual performance of the directors and comparable market practices during the year.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2017 HK$'000	2016 HK$'000
Mr. Li Wing Sum Steven	136	—
Mr. Sung Tze Wah	136	—
Sr Dr. Leung Tony Ka Tung	136	—
	408	—

Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung were appointed as independent non-executive directors of the Company on 17 March 2016.

There were no other emoluments payable to the independent non-executive directors during the year (2016: nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) The chief executive officer, an other executive director and a non-executive director

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2017						
Executive directors:						
Mr. Wong Yiu Hung Gary	(i)&(ii)	—	3,100	9,353	18	12,471
Mr. Tang Ho Hong	(i)	—	1,163	634	18	1,815
		—	4,263	9,987	36	14,286
Non-executive director:						
Mr. Chan Chun Hong	(iii)	233	—	—	—	233
		233	4,263	9,987	36	14,519
2016						
Executive directors:						
Mr. Wong Yiu Hung Gary	(i)&(ii)	—	1,773	3,875	18	5,666
Mr. Tang Ho Hong	(i)	—	702	487	18	1,207
		—	2,475	4,362	36	6,873
Non-executive director:						
Mr. Chan Chun Hong	(iii)	—	1,133	5,371	55	6,559
		—	3,608	9,733	91	13,432

Notes:

(i) Appointed on 3 December 2015

(ii) Appointed as the chief executive officer on 23 December 2015

(iii) Appointed on 23 December 2015

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2016: two) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration for the year of the remaining three (2016: three) non-directors, highest paid employees are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	4,327	15,001
Performance-related bonuses	1,275	11,831
Pension scheme contributions	54	45
	5,656	26,877

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2017	2016
HK$1,000,001 to HK$1,500,000	1	—
HK$1,500,001 to HK$2,000,000	1	—
HK$2,500,001 to HK$3,000,000	1	1
Over HK$4,000,000	—	2

10. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2017 HK$'000	2016 HK$'000
Current — Hong Kong		
Charge for the year	5,418	13,577
Overprovision in prior years	(522)	(29,255)
	4,896	(15,678)
Deferred (note 22)	(9,071)	364
Total tax credit for the year	(4,175)	(15,314)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

10. INCOME TAX CREDIT (Continued)

A reconciliation of the tax credit applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	2017 HK$'000	2016 HK$'000
Profit before tax	24,210	393,429
Tax at the Hong Kong tax rate of 16.5%	3,995	64,916
Adjustments in respect of current tax of previous periods	(522)	(29,255)
Adjustments in respect of deferred tax of previous periods	(488)	(2,421)
Income not subject to tax	(7,054)	(53,148)
Expenses not deductible for tax	4,138	9,099
Tax losses utilised from previous periods	(7,108)	(8,347)
Tax losses not recognised	3,024	3,983
Others	(160)	(141)
Tax credit at the Group's effective rate	(4,175)	(15,314)

11. DIVIDENDS

	Note	2017 HK$'000	2016 HK$'000
Special dividends	(i)	–	170,000

Notes:

(i) During the year ended 31 March 2016 and before the completion of the Reorganisation, certain subsidiaries of the Company declared special dividends aggregating HK$170,000,000 to their then shareholders.

(ii) The directors do not recommend the payment of any dividend for the year ended 31 March 2017 and 2016.

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

The calculation of basic earnings per share for the year ended 31 March 2017 is based on the profit for the year attributable to owners of the parent of HK$38,816,000 (2016: HK$410,000,000) and the weighted average number of ordinary shares of 15,085,479,452 (2016: 11,400,000,000(restated)) in issue during the year, on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 23(iii)) in connection with the listing of the shares of the Company and the Share Subdivision (as defined in note 23(v)) had been completed on 1 April 2015.

No adjustment has been made to the basic earnings per share presented for the year ended 31 March 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Computer equipments HK$'000	Total HK$'000
31 March 2017					
At 31 March 2016 and at 1 April 2016:					
Cost	—	89	82	336	507
Accumulated depreciation	—	(89)	(12)	(336)	(437)
Net carrying amount	—	—	70	—	70
At 1 April 2016, net of accumulated depreciation	—	—	70	—	70
Additions	—	—	916	420	1,336
Depreciation provided during the year	—	—	(32)	(60)	(92)
At 31 March 2017, net of accumulated depreciation	—	—	954	360	1,314
At 31 March 2017:					
Cost	—	89	998	756	1,843
Accumulated depreciation	—	(89)	(44)	(396)	(529)
Net carrying amount	—	—	954	360	1,314
31 March 2016					
At 1 April 2015:					
Cost	64,643	192	—	336	65,171
Accumulated depreciation	(2,622)	(142)	—	(336)	(3,100)
Net carrying amount	62,021	50	—	—	62,071
At 1 April 2015, net of accumulated depreciation	62,021	50	—	—	62,071
Additions	—	—	82	—	82
Disposal of subsidiaries to the Remaining WOG Group (note 28(ii))	(60,566)	(30)	—	—	(60,596)
Depreciation provided during the year	(1,455)	(20)	(12)	—	(1,487)
At 31 March 2016, net of accumulated depreciation	—	—	70	—	70
At 31 March 2016:					
Cost	—	89	82	336	507
Accumulated depreciation	—	(89)	(12)	(336)	(437)
Net carrying amount	—	—	70	—	70

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

14. INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
Carrying amount at beginning of year	579,200	1,263,900
Additions	95,890	1,272
Acquisition of a subsidiary that is not a business (note 27)	512,225	—
Disposal of subsidiaries (note 28(i))	—	(706,998)
Net gain from fair value adjustments	43,213	20,694
Accrued rent-free rental income	(1,228)	332
Carrying amount at end of year	1,229,300	579,200

The Group's investment properties consist of commercial and industrial properties in Hong Kong.

The investment properties were revalued by Asset Appraisal Limited, an independent professionally qualified valuer, at 31 March 2017. The finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and the valuers twice a year when the valuation is performed for interim and annual financial reporting. At the end of each reporting period, the finance department holds discussion with the independent valuers to verify major inputs to the independent valuation reports. The finance department also assesses property valuation movements when compared to the prior year valuation reports.

The investment properties are leased to third parties and a related party under operating leases, further summary details of which are included in notes 29(a) and 31 to the financial statements.

At 31 March 2017, the Group's investment properties with an aggregate carrying value of HK$1,210,100,000 (2016: HK$527,500,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities granted to the Group (note 21).

Further particulars of the Group's investment properties are included on page 118.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)	
	31 March 2017 HK$'000	31 March 2016 HK$'000
Recurring fair value measurement for:		
Commercial properties	**1,210,100**	562,900
Industrial property	**19,200**	16,300
	1,229,300	579,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000	**Industrial property** HK$'000	**Total** HK$'000
Carrying amount at 1 April 2015	1,247,100	16,800	1,263,900
Additions	1,272	—	1,272
Disposal of subsidiaries (note 28(i))	(706,998)	—	(706,998)
Accrued rent-free rental income	332	—	332
Net gain/(loss) from fair value adjustments	21,194	(500)	20,694
Carrying amount at 31 March 2016 and 1 April 2016	562,900	16,300	579,200
Additions	95,890	—	95,890
Accrued rent-free rental income	(1,271)	43	(1,228)
Acquisition of a subsidiary that is not a business (note 27)	512,225	—	512,225
Net gain from fair value adjustments	40,356	2,857	43,213
Carrying amount at 31 March 2017	1,210,100	19,200	1,229,300

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

14. INVESTMENT PROPERTIES (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2017	2016
Commercial properties	Investment method and direct comparison method	Estimated rental value per square feet and per month	**HK$40 to HK$320**	HK$415
		Capitalisation rate	**2.3% to 2.9%**	2.5%
		Price per square feet	**HK$30,472 to HK$77,006**	HK$28,090 to HK$73,775
Industrial property	Direct comparison method	Price per square feet	**HK$6,495**	HK$5,514

As at 31 March 2017, the valuations of investment properties were based on either the investment method which capitalises the rent receivable from the existing tenancies and the potential reversionary market rent of the properties or direct comparison method by reference to comparable market transactions.

A significant increase/(decrease) in estimated rental value per square feet in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. A significant increase/(decrease) in price per square feet in isolation would result in significantly higher/(lower) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square feet and price per square feet are accompanied by a directionally opposite change in the capitalisation rate.

15. PROPERTIES UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000
Carrying amount at beginning of year	**2,910,519**	2,655,162
Additions (including development cost and capitalised interest)	**563,662**	205,793
Reversal of write-down of properties under development (Note)	**44,411**	49,564
Carrying amount at end of year	**3,518,592**	2,910,519

Note: The reversal of write-down of properties under development is related to a parcel of land held by the Group, the development of which has not been commenced as at 31 March 2017 and 2016, and is caused by the increase in prices of properties nearby and auction prices for land in Hong Kong. The reversal is limited to the amount of the original write-down and the recoverable amounts are determined with reference to the valuations performed by Asset Appraisal Limited on an open market basis as at 31 March 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

15. PROPERTIES UNDER DEVELOPMENT (Continued)

Properties under development expected to be completed:

	2017 HK$'000	2016 HK$'000
Beyond the normal operating cycle included under non-current assets	415,004	350,000
Within the normal operating cycle included under current assets	3,103,588	2,560,519
	3,518,592	2,910,519

Properties under development expected to be completed within the normal operating cycle and recovered:

	2017 HK$'000	2016 HK$'000
Within one year	487,397	—
After one year	2,616,191	2,560,519
	3,103,588	2,560,519

At 31 March 2017, the Group's properties under development with an aggregate carrying value of HK$1,756,702,000 (2016: HK$2,910,519,000) were pledged to secure the Group's general banking facilities (note 21).

Further particulars of the Group's properties under development are included on page 119.

16. PROPERTIES HELD FOR SALE

	2017 HK$'000	2016 HK$'000
Carrying amount at 31 March	–	92,473

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Prepayments	73,485	5,437
Deposits (Note)	945,923	2,101
Other receivables	887,927	7,439
	1,907,335	14,977
Less: Deposit and other receivable classified as non-current assets	(32,844)	—
	1,874,491	14,977

Note: The deposits as at 31 March 2017 included (i) two deposits paid to vendors for the acquisition of subsidiaries amounted to HK$27,455,000 and HK$864,430,000, further details of which are disclosed in notes 35(i) and 35(ii) to the financial statements, respectively; and (ii) a tender deposit of HK$50,000,000 paid to the Urban Renewal Authority in respect of a tender for a development project which had been fully refunded to the Group subsequent to the end of the reporting period.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default. The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

18. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and bank balances	1,357,233	475,831

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

19. TRADE PAYABLES

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

	2017 HK$'000	2016 HK$'000
Within 30 days	45,363	37,508

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

20. OTHER PAYABLES AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Other payables	6,193	29,495
Accruals	5,402	18,216
	11,595	47,711
Less: Other payables classified as non-current liabilities	—	(21,973)
	11,595	25,738

Other payables are non-interest-bearing and there are generally no credit terms. The carrying amounts of the above other payables approximate to their fair values.

21. INTEREST-BEARING BANK AND OTHER LOANS

	2017			2016		
	Contractual interest rate (%)	Maturity	HK$'000	Contractual interest rate (%)	Maturity	HK$'000
Current:						
Bank loans — secured	HIBOR+(1.2–2.0)/ Prime rate–2.75	2017 or on demand	361,251	HIBOR+(1.28–2.00)/ Prime rate–2.75	2016 or on demand	320,056
Long term bank loans repayable on demand — secured	HIBOR+1.7/ Prime rate–2.75	On demand	42,406	HIBOR+2/ Prime rate–2.75	On demand	6,621
Other loans — unsecured	6	2018	28,845	–	–	–
			432,502			326,677
Non-current:						
Bank loans — secured	HIBOR+(1.2–1.75)	2018–2025	948,469	HIBOR+(1.28–1.79)	2017–2025	1,322,682
Bank loans — unsecured	HIBOR+2.05	2022	1,464,947	–	–	–
Other loans — unsecured	—	—	—	6	2018	244,362
			2,413,416			1,567,044
Total			2,845,918			1,893,721

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

21. INTEREST-BEARING BANK AND OTHER LOANS (Continued)

	2017 HK$'000	2016 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand (Note)	403,657	326,677
In the second year	564,784	943,194
In the third to fifth years, inclusive	1,848,632	379,488
	2,817,073	1,649,359
Other loans repayable:		
Within one year or on demand	28,845	–
In the second year	–	92,001
In the third to fifth years, inclusive	–	152,361
	28,845	244,362
	2,845,918	1,893,721

Note: As further explained in note 34 to the financial statements, the Group's term loans with an aggregate amount of HK$85,504,000 (2016: HK$48,958,000) containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank loans and analysed into bank loans repayable within one year or on demand.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

21. INTEREST-BEARING BANK AND OTHER LOANS (Continued)

At the end of the reporting period, the maturity profile of interest-bearing loans based on the scheduled repayment dates set out in the loan agreements is as follows:

	2017 **HK$'000**	2016 HK$'000
Bank loans repayable:		
Within one year	**361,251**	320,056
In the second year	**122,037**	303,882
In the third to fifth years, inclusive	**2,102,345**	897,119
Beyond five years	**231,440**	128,302
	2,817,073	1,649,359
Other loans repayable:		
Within one year	**28,845**	—
In the second year	**—**	92,001
In the third to fifth years, inclusive	**—**	152,361
	28,845	244,362
	2,845,918	1,893,721

Notes:

(a) Certain bank loans of the Group are secured by the Group's investment properties and certain rental income generated therefrom (note 14), properties under development (note 15) and share charges in respect of the equity interests of three (2016: five) subsidiaries of the Company (note 1).

In addition, WOG has guaranteed the Group's interest-bearing bank loans and certain general banking facilities up to HK$3,659,740,000 as at 31 March 2016.

(b) All bank loans of the Group bear interest at floating interest rates.

(c) All other loans of the Group represented the loans advanced from the non-controlling interests shareholders of certain subsidiaries of the Group.

(d) The carrying amounts of the bank and other loans of the Group approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

22. DEFERRED TAX

The components of deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000
At 1 April 2015	5,204
Deferred tax credited to profit or loss during the year (note 10)	(1,519)
Disposal of subsidiaries (note 28(i))	(1,112)
At 31 March 2016 and 1 April 2016	2,573
Deferred tax charged to profit or loss during the year (note 10)	302
At 31 March 2017	2,875

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000
At 1 April 2015	3,460
Deferred tax charged to profit or loss during the year (note 10)	(1,883)
At 31 March 2016 and 1 April 2016	1,577
Deferred tax credited to profit or loss during the year (note 10)	9,373
At 31 March 2017	10,950

The Group has tax losses arising in Hong Kong of approximately HK$72,564,000 (2016: HK$101,322,000), subject to the agreement of the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

23. SHARE CAPITAL

	2017 HK$'000	2016 HK$'000
Authorised:		
50,000,000,000 ordinary shares of HK$0.001 each (31 March 2016: 5,000,000,000 ordinary shares of HK$0.01 each)	**50,000**	50,000
Issued and fully paid:		
15,200,000,000 ordinary shares of HK$0.001 each (31 March 2016: 100,000 ordinary shares of HK$0.01 each)	**15,200**	1

The movements in the Company's share capital during the period from 19 November 2015 (date of incorporation) to 31 March 2017 were as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 19 November 2015 (date of incorporation)	(i)	10,000,000	100
Increase in authorised share capital on 2 February 2016	(ii)	4,990,000,000	49,900
At 31 March 2016 and 1 April 2016		5,000,000,000	50,000
Effect of Share Subdivision	(v)	45,000,000,000	—
At 31 March 2017		50,000,000,000	50,000
Issued and fully paid:			
At 19 November 2015 (date of incorporation)	(i)	—	—
Shares issued on 2 December 2015	(i)	100,000	1
At 31 March 2016 and 1 April 2016		100,000	1
Issue of new shares pursuant to the Capitalisation Issue	(iii)	1,139,900,000	11,399
Issue of new shares pursuant to the Share Offer	(iv)	380,000,000	3,800
Effect of Share Subdivision	(v)	13,680,000,000	—
At 31 March 2017		15,200,000,000	15,200

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

23. SHARE CAPITAL (Continued)

Notes:

(i) Upon incorporation on 19 November 2015, the authorised share capital of the Company was HK$100,000 divided into 10,000,000 shares of HK$0.01 each. 100,000 ordinary shares of HK$0.01 each were allotted and issued to the first shareholder, Wang On Enterprises (BVI) Limited ("WOE"), on 2 December 2015. Pursuant to the Reorganisation, such shares were transferred to Earnest Spot by WOE for a consideration of HK$1.

(ii) On 2 February 2016, an ordinary resolution of the sole shareholder of the Company was passed and pursuant to which the authorised capital of the Company increased from HK$100,000 to HK$50,000,000 by the creation of an additional 4,990,000,000 shares of HK$0.01 each.

(iii) Pursuant to the resolution of the shareholder passed on 17 March 2016, the Company allotted and issued a total of 1,139,900,000 shares, credited as fully paid at par, to Earnest Spot on 12 April 2016 by way of capitalisation of the sum of HK$11,399,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). This Capitalisation Issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (iv) below.

(iv) In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange (the "Share Offer"), 380,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.92 per share for a total cash consideration, before expenses, of HK$349,600,000. Dealings in the shares of the Company on the Stock Exchange commenced on 12 April 2016.

(v) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting of the Company held on 6 December 2016, every one issued and unissued existing ordinary share of HK$0.01 each in the share capital of the Company was subdivided into ten subdivided shares of HK$0.001 each (the "Share Subdivision"). The Share Subdivision was completed on 6 December 2016.

24. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Share options may be granted to any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

Purpose

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Maximum number of shares available for subscription

Pursuant to the Share Option Scheme, the maximum number of share options that may be granted under the Share Option Scheme and any other share option schemes of the Company is an amount, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not in aggregate exceed 10% of the number of shares in issue, as at the date of approval of the Share Option Scheme limit or as refreshed from time to time.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

24. SHARE OPTION SCHEME (Continued)

Maximum entitlement of each participant

The maximum number of shares issuable under share options to each eligible participant (except for a substantial shareholder or an independent non-executive director or any of their respective associate) under the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such eligible participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of the option). Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director (or any of their respective associate) is also required to be approved by shareholders.

Basis of determining the exercise price

The option price per share payable on the exercise of an option is determined by the directors, provided that it shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of a share option is accepted by the eligible person), which must be a business day; and

(ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant, provided that the option price per share shall in no event be less than the nominal amount of one share.

An offer for the grant of share options must be accepted within 30 days from the date on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer of the grant is HK$1.00.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option has been granted since the adoption of the Share Option Scheme.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 57 of the financial statements.

(i) Contributed surplus

The Group's contributed surplus comprises the deemed capital contribution arising from (i) the difference between the consideration amounted to HK$496,443,000 and the aggregate shareholder's loans amounted to HK$2,047,989,000 assigned by Earnest Spot to the Company pursuant to the Reorganisation and (ii) the differences between the considerations and the net assets value of the subsidiaries disposed of to the Remaining WOG Group pursuant to the Reorganisation (note 28(ii)).

(ii) Capital reserve

The Group's capital reserve represents the difference between the consideration and the carrying amount of non-controlling interests acquired or disposed of.

26. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interests:		
New Rich	**40%**	40%
Grandwall	**40%**	40%

	2017 **HK$'000**	2016 HK$'000
Loss for the year allocated to non-controlling interests:		
New Rich	**(3,950)**	(459)
Grandwall	**(6,477)**	(798)
Accumulated balances of non-controlling interests at the reporting dates:		
New Rich	**4,424**	474
Grandwall	**7,317**	840

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

26. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2017	New Rich HK$'000	Grandwall HK$'000
Revenue	—	—
Total expenses	(12,246)	(21,736)
Loss and total comprehensive loss for the year	(9,875)	(16,194)
Current assets	1,075,227	1,748,273
Non-current assets	2,185	3,614
Current liabilities	(1,088,469)	(1,770,179)
Non-current liabilities	—	—
Net cash flows from operating activities	430,989	857,486
Net cash flows from investing activities	—	—
Net cash flows used in financing activities	(411,631)	(859,434)
Net increase/(decrease) in cash and cash equivalents	19,358	(1,948)

2016	New Rich HK$'000	Grandwall HK$'000
Revenue	—	—
Total expenses	(1,379)	(2,407)
Loss and total comprehensive loss for the year	(1,148)	(1,995)
Current assets	517,792	835,599
Non-current assets	233	414
Current liabilities	7,757	12,003
Non-current liabilities	511,453	826,110
Net cash flows used in operating activities	(40,862)	(67,030)
Net cash flows from investing activities	—	—
Net cash flows from financing activities	40,587	68,825
Net increase/(decrease) in cash and cash equivalents	(275)	1,795

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

27. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

Year ended 31 March 2017

On 7 November 2016, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire equity interest in Fession Group Limited ("Fession", and together with its sole subsidiary, Stadium Holdings, (collectively, the "Fession Group") and the shareholder's loan owed by the Fession Group to its then shareholder, at a cash consideration of HK$512,225,000 ("Cash Consideration"). The Fession Group is principally engaged in property investment in Hong Kong and up to the date of acquisition, the Fession Group has not carried out any significant business transaction except for holding a property in Hong Kong.

The above acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

Pursuant to the relevant sale and purchase agreement, the Cash Consideration was adjusted to HK$509,503,000 based on the net assets value of the Fession Group as at 25 January 2017 (the date of completion). The net assets acquired by the Group in the above transaction are as follows:

	HK$'000
Net assets acquired:	
Investment property (note 14)	512,225
Prepayments, deposits and other receivables	239
Tax recoverable	139
Bank balances	103
Accruals	(3,203)
	509,503
Satisfied by:	
Cash	509,503

An analysis of the cash flows in respect of the acquisition of the Fession Group is as follows:

	HK$'000
Cash consideration	(509,503)
Bank balances acquired	103
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(509,400)
Transaction costs of the acquisition included in cash flows from operating activities	(799)
	(510,199)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

28. DISPOSAL OF SUBSIDIARIES

Year ended 31 March 2016

(i) Details of the net assets of the subsidiaries disposed of to independent third parties and Wai Yuen Tong Medicine Holdings Limited ("WYT", which ceased to be an associate of WOG since 29 September 2016 and become a fellow subsidiary of the Group), and their financial impacts are summarised as follows:

	Notes	Easy Kingdom HK$'000 (note (a))	Good Excellent HK$'000 (note (b))	Sunbo HK$'000 (note (c))	Level Success Group HK$'000 (note (d))	Total HK$'000
Net assets disposed of:						
Investment properties	14	158,000	28,000	—	520,998	706,998
Properties held for sale		—	—	24,843	—	24,843
Prepayments, deposits and other receivables		5	—	7	722	734
Tax recoverable		—	21	33	—	54
Cash and cash equivalents		456	451	433	68	1,408
Other payables and accruals		(1)	(32)	(32)	—	(65)
Deposits received and receipts in advance		(285)	(277)	(240)	(527)	(1,329)
Tax payable		(110)	—	—	—	(110)
Deferred tax liabilities	22	(1,101)	(9)	(2)	—	(1,112)
		156,964	28,154	25,042	521,261	731,421
Professional fees and expenses		2,552	37	45	9,720	12,354
Gains/(losses) on disposal of subsidiaries	5	(1,964)	(37)	17,112	292,704	307,815
		157,552	28,154	42,199	823,685	1,051,590
Satisfied by:						
Cash		157,552	28,154	42,199	823,685	1,051,590

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

28. DISPOSAL OF SUBSIDIARIES (Continued)

Year ended 31 March 2016 (Continued)

(i) (continued):

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Easy Kingdom HK$'000 (note (a))	Good Excellent HK$'000 (note (b))	Sunbo HK$'000 (note (c))	Level Success Group HK$'000 (note (d))	Total HK$'000
Cash consideration	157,552	28,154	42,199	823,685	1,051,590
Cash and cash equivalents disposed of	(456)	(451)	(433)	(68)	(1,408)
Professional fees and expenses	(2,552)	(37)	(45)	(9,720)	(12,354)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	154,544	27,666	41,721	813,897	1,037,828

Notes:

a) On 12 August 2015, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of its entire equity interest in Easy Kingdom Limited ("Easy Kingdom") and a shareholder's loan owed to the Group for a total consideration of HK$157,552,000. The disposal of Easy Kingdom was completed on 11 November 2015.

b) On 13 November 2015, the Group entered into a sale and purchase agreement with a wholly-owned subsidiary of WYT to dispose of its entire equity interest in Good Excellent Limited ("Good Excellent") and a shareholder's loan owed to the Group for a total consideration of HK$28,154,000. The disposal of Good Excellent was completed on 23 December 2015.

c) On 13 November 2015, the Group entered into a sale and purchase agreement with a wholly-owned subsidiary of WYT to dispose of its entire equity interest in Sunbo Investments Limited ("Sunbo") and a shareholder's loan owed to the Group for a total consideration of HK$42,199,000. The disposal of Sunbo was completed on 23 December 2015.

d) On 1 December 2015, the Group entered into a sale and purchase agreement with an independent subsidiary to dispose of its entire equity interest in Level Success Limited ("Level Success", and together with its subsidiary, the "Level Success Group") and a shareholder's loan owed to the Group for a total consideration of HK$823,685,000. The disposal of the Level Success Group was completed on 15 February 2016.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

28. DISPOSAL OF SUBSIDIARIES (Continued)

Year ended 31 March 2016 (Continued)

(ii) Pursuant to the Reorganisation, the Group transferred certain subsidiaries to the Remaining WOG Group during the year at considerations based on the par values of the transferred shares on the respective dates of transfer. The net difference between the considerations and the aggregate carrying amount of the net assets of the relevant subsidiaries of HK$2,368,000 was accounted for as a deemed contribution from the Remaining WOG Group and recognised as contributed surplus in equity.

Details of the net assets of the subsidiaries transferred to the Remaining WOG Group and their financial impacts are summarised as follows:

	Source Millennium Limited and its subsidiary HK$'000	WEH Investment Limited HK$'000	Kartix Investment Limited HK$'000	Ventix Investment Limited HK$'000	Excellence Star Limited HK$'000	Richly Gold Limited HK$'000	Total HK$'000
Net assets disposed of:							
Property, plant and equipment (note 13)	—	—	—	—	—	60,596	60,596
Prepayments, deposits and other receivables	59	—	78	—	—	280	417
Cash and cash equivalents	81	213	1,250	—	55	535	2,134
Tax payable	—	(207)	(105)	—	—	—	(312)
Other payables and accruals	—	—	(49)	(13)	—	(214)	(276)
Due to the Remaining WOG Group	—	—	—	—	—	(64,927)	(64,927)
	140	6	1,174	(13)	55	(3,730)	(2,368)
Deemed contribution from/ (distribution to) the Remaining WOG Group	(140)	(6)	(1,174)	13	(55)	3,730	2,368
	—	—	—	—	—	—	—
Satisfied by:							
Cash	—	—	—	—	—	—	—

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

28. DISPOSAL OF SUBSIDIARIES (Continued)

Year ended 31 March 2016 (Continued)

(ii) (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries to the Remaining WOG Group is as follows:

	Source Millennium Limited and its subsidiary HK$'000	WEH Investment Limited HK$'000	Kartix Investment Limited HK$'000	Ventix Investment Limited HK$'000	Excellence Star Limited HK$'000	Richly Gold Limited HK$'000	Total HK$'000
Cash consideration	—	—	—	—	—	—	—
Cash and cash equivalents disposed of	81	213	1,250	—	55	535	2,134
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	81	213	1,250	—	55	535	2,134

29. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from two to four years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**22,429**	23,048
In the second to fifth years, inclusive	**7,537**	20,387
	29,966	43,435

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

29. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from one year to three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**9,746**	3,497
In the second to fifth years, inclusive	**11,941**	6,890
	21,687	10,387

30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29(b) above, the Group had the following capital commitments at the end of the reporting period:

	2017 **HK$'000**	2016 HK$'000
Contracted, but not provided for:		
Properties under development	**1,365,996**	127,543
Acquisition of subsidiaries	**885,664**	—
	2,251,660	127,543

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

31. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	2017 HK$'000	2016 HK$'000
Rental income received from a director	(i)	–	800
Rental income from a subsidiary of WYT*	(ii)	10,800	10,841
Rental expense paid to WYT*	(ii)	4,564	284
Purchase of products from WYT	(iii)	202	—
Management fee expenses paid to the Remaining WOG Group	(iv)	–	15,957
Interest paid to WOG	(v)	–	10,378

* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

(i) During the year ended 31 March 2016, a property of the Group was leased to a director of WOG at a monthly rental of HK$100,000. The rental was determined with reference to the prevailing market rates. The property had been disposed of through the disposal of a subsidiary to the Remaining WOG Group during the year ended 31 March 2016.

(ii) The transactions were based on terms mutually agreed between the Group and the related party.

(iii) The purchases from a subsidiary of WYT were made according to the published prices and conditions offered by a subsidiary of WYT to its customers.

(iv) Management fees were paid to a subsidiary of WOG in respect of management services on property development and property investment.

(v) Interest expense paid to WOG in respect of a shareholder loan was charged at 3% per annum.

(vi) The details of the disposal of Good Excellent and Sunbo to WYT are set out in note 28(i) to the financial statements.

(b) WOG had given guarantees to a bank in respect of the bank loans granted to the Company (note 21) as at 31 March 2016. WOG received no consideration for providing these guarantees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

31. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

	2017 HK$'000	2016 HK$'000
Short term employment benefits	**9,097**	23,965
Post-employment benefits	**99**	118
Total compensation paid to key management personnel	**9,196**	24,083

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 31 March 2017 and 2016 are loans and receivables, and financial liabilities at amortised cost, respectively.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of financial assets included in cash and bank balances, prepayments, deposits and other receivables, financial liabilities included in trade and other payables, accruals, deposit received and the current portion of interest-bearing bank loans to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the directors is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other loans as at 31 March 2017 was assessed to be insignificant.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include other receivables, deposits, trade and other payables, accruals, deposits received, cash and bank balances and bank and other borrowings.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** HK$'000
2017		
HK$	**100**	**(28,171)**
HK$	**(100)**	**28,171**
2016		
HK$	100	(16,494)
HK$	(100)	16,494

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The maximum exposure of these financial assets is equal to the carrying amounts of these instruments.

In respect of other receivables, credit evaluations are performed on all customers requiring credit over a certain amount.

The credit risk of the Group's other financial assets, which include cash and cash equivalents, with the maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual and undiscounted payments, was as follows:

			2017			
	On demand HK$'000	**Within 1 year HK$'000**	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Bank loans (Note)	**85,504**	**381,791**	**621,362**	**1,893,788**	**—**	**2,982,445**
Other loans (note 21)	**—**	**30,576**	**—**	**—**	**—**	**30,576**
Trade payables (note 19)	**—**	**45,363**	**—**	**—**	**—**	**45,363**
Other payables and accruals (note 20)	**—**	**11,595**	**—**	**—**	**—**	**11,595**
	85,504	**469,325**	**621,362**	**1,893,788**	**—**	**3,069,979**

			2016			
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Bank loans (Note)	48,958	313,047	972,046	386,828	—	1,720,879
Other loans (note 21)	—	—	103,041	179,786	—	282,827
Trade payables (note 19)	—	37,508	—	—	—	37,508
Other payables and accruals (note 20)	—	25,738	7,972	14,001	—	47,711
	48,958	376,293	1,083,059	580,615	—	2,088,925

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Note:

Included in interest-bearing bank loans of the Group are term loans with aggregate principal amounts of HK$85,504,000 and HK$48,958,000 as at 31 March 2017 and 31 March 2016, respectively, of which the respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the Directors do not believe that these loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments are as follows:

	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
31 March 2017	**45,091**	**9,133**	**31,931**	**3,287**	**89,442**
31 March 2016	43,451	799	2,177	4,013	50,440

Capital management

The Group monitors capital using a debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. Net debt includes interest-bearing bank and other loans, less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and non-controlling interests). The Group's policy is to maintain a stable debt-to-adjusted capital ratio. The debt-to-adjusted capital ratios as at the end of the reporting periods were as follows:

	2017 **HK$'000**	2016 HK$'000
Interest-bearing bank and other loans (note 21)	**2,845,918**	1,893,721
Less: Cash and cash equivalents (note 18)	**(1,357,233)**	(475,831)
Net debt	**1,488,685**	1,417,890
Total equity	**2,391,614**	2,031,141
Debt-to-adjusted capital	**62.25%**	69.81%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

35. EVENTS AFTER THE REPORTING PERIOD

(i) On 20 February 2017, the Group entered into a provisional sale and purchase agreement with two independent third party individuals to acquire the entire equity interest of PT Harvest Holdings Limited, which is engaged in property investment in Hong Kong, for a total cash consideration of HK$274,549,000. A deposit of HK$27,455,000 was paid to that two independent third parties and included in "Prepayments, deposits and other receivables" as at 31 March 2017. The transaction was completed on 25 April 2017.

Further details of this acquisition are set out in the WOG's announcement dated 20 February 2017.

(ii) On 15 March 2017, the Group entered into the heads of agreement with another two independent third parties to acquire for the entire equity interest of Loyal Pioneer Limited ("Loyal Pioneer"), which is engaged in property development in Hong Kong. A deposit of HK$864,430,000 was paid to that two independent third parties and included in "Prepayments, deposits and other receivables" as at 31 March 2017. The transaction was completed on 19 May 2017.

(iii) On 7 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of 50% of the entire equity interest in Wonder Sign Limited ("Wonder Sign", together with its sole subsidiary, Double Bright Limited, collectively, the "Wonder Sign Group"), which is engaged in property development in Hong Kong. The transaction was completed on 7 June 2017.

Further details of this disposal are set out in the joint announcement of WOG and the Company dated 7 June 2017.

Because the transaction was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the transaction.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSET		
Interest in a subsidiary	–	–
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,225	4,425
Due from subsidiaries	2,551,878	2,047,988
Cash and cash equivalents	1,259,445	448
Total current assets	3,812,548	2,052,861
CURRENT LIABILITIES		
Other payables and accruals	2,691	10,740
Due to subsidiaries	1,461,315	18,606
Total current liabilities	1,464,006	29,346
NET CURRENT ASSETS	2,348,542	2,023,515
TOTAL ASSETS LESS CURRENT LIABILITIES	2,348,542	2,023,515
Net assets	2,348,542	2,023,515
EQUITY		
Issued capital	15,200	1
Reserves (Note)	2,333,342	2,023,514
Total equity	2,348,542	2,023,515

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2017

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 19 November 2015 (date of incorporation)	—	—	—	—
Loss and total comprehensive loss for the period	—	—	(24,475)	(24,475)
Deemed contribution from the Remaining WOG Group	—	2,047,989	—	2,047,989
At 31 March 2016 and 1 April 2016	—	2,047,989	(24,475)	2,023,514
Loss and total comprehensive loss for the year	—	—	(7,061)	(7,061)
Issue of new shares pursuant to the Share Offer (note 23)	345,800	—	—	345,800
Issue of new shares pursuant to the Capitalisation issue (note 23)	(11,399)	—	—	(11,399)
Share issue expenses	(17,512)	—	—	(17,512)
At 31 March 2017	316,889	2,047,989	(31,536)	2,333,342

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 June 2017.

PARTICULARS OF PROPERTIES

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Shop B on Ground Floor, Nos. 106–108 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	Commercial premises for rental	Long term lease	100%
Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Causeway Bay, Hong Kong	Commercial premises for rental	Long term lease	100%
Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Mong Kok, Kowloon	Commercial premises for rental	Long term lease	100%
Shop 1 and 2 on Ground Floor, "726 Nathan Road", No. 726 Nathan Road, Mong Kok, Kowloon	Commercial premises for rental	Long term lease	100%
Shop A, B and C on Ground Floor, No. 111 Ma Tau Wai Road, To Kwa Wan, Kowloon	Commercial premises for rental	Medium term lease	100%
Shop 3 on Level 1, Jade Plaza, No. 3 On Chee Road, Tai Po, New Territories	Commercial premises for rental	Medium term lease	100%
Shop 6 on Ground Floor, Grandeur Garden, Nos. 14–18 Chik Fai Street, Nos. 55–65 Tai Wai Road, Shatin, New Territories	Commercial premises for rental	Medium term lease	100%
Ground Floor & Mezzanine Floor, No.166 Sai Yeung Choi Street South, Kowloon	Commercial premises for rental	Long term lease	100%
Office on 30th Floor, United Centre, No.95 Queensway, Hong Kong	Commercial premises for rental	Long term lease	100%
13th Floor, Tower B, and Car Park Units Nos. P81, P82, P83, P84, P85, P86, P87 and P88 on Level 6, Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories	Commercial premises for rental	Long term lease	100%

PARTICULARS OF PROPERTIES (CONTINUED)

PROPERTIES UNDER DEVELOPMENT

Location	Approximate site area (sq ft)	Estimated approximate gross floor area (sq ft)	Use	Estimated completion date	Stage of completion	Attributable interest of the Group
Nos. 575-575A, Nathan Road, Mong Kok, Kowloon	2,100	25,000	Commercial	2017	Construction in progress	100%
Hang Kwong Street, Ma On Shan (Shan Tin Town Lot No. 598)	33,000	115,000	Residential	2018	Construction in progress	60%
Ma Kam Street, Ma On Shan (Shan Tin Town Lot No. 599)	33,000	200,000	Residential	2018	Construction in progress	60%
Tai Po Road — Tai Wai (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	Construction in progress	100%
Nos.13 &15, Sze Shan Street, Yau Tong, Kowloon	41,000	272,000	Residential & Commercial	2020	Construction in progress	50%
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020	Construction in progress	100%

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and prospectus as restated as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(note)	(note)	(note)
REVENUE	**152,417**	645,486	1,229,971	1,390,445	490,272
PROFIT BEFORE TAX	**24,210**	393,429	538,173	528,467	208,921
Income tax credit/(expense)	**4,175**	15,314	(80,950)	(103,748)	(37,594)
PROFIT FOR THE YEAR	**28,385**	408,743	457,223	424,719	171,327
Attributable to:					
Owners of the parent	**38,816**	410,000	457,399	425,031	171,327
Non-controlling interests	**(10,431)**	(1,257)	(176)	(312)	—
	28,385	408,743	457,223	424,719	171,327

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**8,028,055**	4,075,669	5,901,774	4,197,391	3,867,410
TOTAL LIABILITIES	**(5,636,441)**	(2,044,528)	(5,663,291)	(3,938,230)	(3,783,168)
NON-CONTROLLING INTERESTS	**11,745**	1,314	57	312	—
	2,403,359	2,032,455	238,540	259,473	84,242

Note: The amounts for each of the three years ended 31 March 2015, 2014 and 2013 have been adjusted for certain adjustments which were made to carve out or combine the results and assets/liabilities of certain subsidiaries of WOG to illustrate the historical results of the property development and property investment businesses of WOG in previous published audited financial statements.