

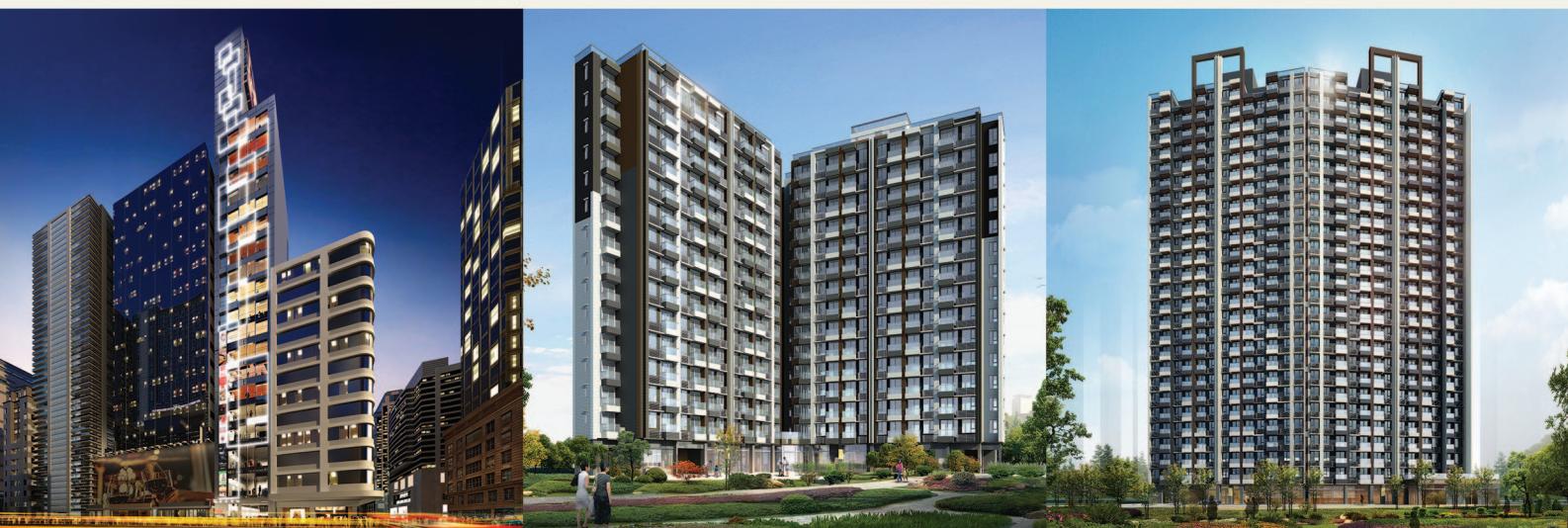


Incorporated in Bermuda with limited liability
Stock Code: 1243

The Cornerstone to build the future

A PASSION FOR TOMORROW

見愛·建明天



2016 ANNUAL REPORT





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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 Y. T. Ho & Co.

COMPLIANCE ADVISER

Kingston Corporate Finance Limited

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China CITIC Bank International 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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5B, Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Codan Services 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

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board" or the "Directors") of Wang On Properties Limited (the "Company" or "WOP"), I am pleased to announce the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2016 (the "reporting period" or the "year"), which is also our first annual results following our listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The situation of global economy remained challenging and expansion in many emerging economies was slowing down during the reporting period. In Hong Kong, property prices continued to garner support from moderate economic growth and robust demand for premium properties, especially small-sized residential units. The Group has adopted a business strategy with emphasis on the development of small-to-medium-sized residential units to meet the increasing demand for such properties.

Our property development business commenced in 2004. Since then, we have been actively pursuing opportunities in the Hong Kong real estate sector. While we acknowledged the difficulty in competing with those property giants who have been dominating the Hong Kong real estate market in terms of financial resources and operation scale, we counted on our accurate positioning of both commercial and residential properties, the high standard we set for building materials, and our unique design and meticulous planning in sales arrangement. We believe in our heartfelt commitment to building homes and we believe that, as long as we remain fully committed to our vision, WOP should eventually stand out from other property developers.

Over the years, WOP had successfully established the "The Met." brand in Hong Kong and developed three boutique residential development projects with distinct features in Hong Kong. "The Met." brand signifies good quality residential units with trendy design and layout, in locations easily accessible by public transportation and complete with various kinds of auxiliary facilities, which are most suitable for single occupants and young couples.

In addition, the Group is currently establishing a theme for our new commercial project brand "Ladder". We intend to use the "Ladder" brand for our Ginza-style commercial property located at 575 Nathan Road, which is currently under development, and other Ginza-style commercial properties to be developed in future. WOP believe that by offering high-quality properties which match the market trends and meet customer demands, the Group will be able to further promote its brand recognition and reputation among residents and investors.



CHAIRMAN'S STATEMENT

REVIEW OF OPERATIONS

During the reporting period, the Group generated revenue from property development, rentals and property management fee. The Group completed delivery of all units of "The Met. Delight" in Camp Street, Cheung Sha Wan as well as certain remaining units of "The Met. Sublime" in Kwai Heung Street, Sai Ying Pun during the reporting period. One of the two unsold upper floor units in "726 Nathan Road" was sold in September 2015. The transaction was also completed in February 2016. The Group is actively seeking buyer for the last remaining upper floor unit. Meanwhile, a retail unit on the ground floor of the property continued to generate rental income to the Group.

We believe it is important to strive for both capital appreciation and stable cash flow to finance the working capital needs in real estate business. Thus, in addition to property development, we maintain certain quality properties for investment purpose. The investment property portfolio provides the Group with flexibility to reap greater benefits. We closely monitor the dynamics in property market and will timely adjust our investment property portfolio according to market conditions. During the reporting period, we disposed of a number of properties, comprising Riviera Plaza in Tsuen Wan, a shop in Mongkok, properties in Yen Chow Street and Chuen Lung Street and certain car parking spaces, for an aggregate consideration of HK\$1,104.3 million.

Currently, we have four projects under development, amongst which two projects in Ma On Shan will be launched in 2016 and early 2017 respectively. The Group will continue to adopt a cautious proactive approach towards the selection of quality land lots by primarily considering small-to-medium-sized sites close to MTR stations and easily accessible, and will replenish our land bank progressively in order to facilitate long-term sustainable development of our business in the future.

In respect of investment properties, WOP currently holds one industrial building unit and seven retail premises, some of which are street shops at prime locations. The Group will continue to look for potential investment properties in different districts in the future.

GIVING BACK TO COMMUNITY

While we endeavour to promote business development and strive for greater returns for our shareholders, we acknowledge our corporate social responsibility by contributing to community development in the place where our business has been established and thrived. During the reporting period, the Group made charity donations to organisations including The Community Chest of Hong Kong and Hong Kong New Arrivals Services Foundation Limited to show our care to society. In light of the ever greater disparity between rich and poor in Hong Kong society developed in recent years, grassroots families face escalating pressure in making a living. Apart from tangible resources and financial support, this group of people yearns for care and respect from the general public. Education for children from underprivileged families is another issue of concern in Hong Kong society. We have provided education fund subsidies to students from low-income families and offered internship opportunities to them, with a view to helping them to have better education and job prospects.

FUTURE OUTLOOK

The prospects of global economy remain uncertain due to the US interest rate hike, foreign exchange volatility and the restructuring and transformation of China economy. Nevertheless, as Hong Kong is characterised by limited land supply and a prolonged excess demand in the property market, it is expected that property prices will remain relatively stable for some time. The recent significant depreciation in currencies of neighbouring countries has hampered the number of visitors from Mainland China. It is inevitable for the business of retailers targeting such visitors to suffer a blow. Consequently, rental rates of commercial properties in certain districts are expected to be temporarily affected.

CHAIRMAN'S STATEMENT

In light of robust demand for small-to-medium-sized residential units in Hong Kong, we have been concentrating on affordable small-to-medium-sized properties in recent years and have developed boutique residential properties targeting first-time home buyers. Previous boutique residential projects under "The Met." series were all very well-received. We anticipate further and greater demands for such small-to-medium-sized residential properties. The Group has four projects under construction including Ma Kam Street project and Hang Kwong Street project in Ma On Shan, Tai Po Road project in Tai Wai and the commercial project on 575 Nathan Road, Mongkok, which are expected to be completed and be delivered between 2017 and 2019. The Group will continue to actively take part in land tenders hosted by the government and capture other opportunities for property acquisitions so as to maintain sufficient land bank to support the sustainable development of our real estate business.

APPRECIATION

I would like to express my sincere gratitude to every shareholder, whose support has rendered our successful spin-off from our parent company, Wang On Group Limited ("Wang On" or the "Parent Company") in 2016, making us now a separate listed property developer. I am most proud as being able to participate in the evolution of the Group alongside with our management team in the past 12 years, and would like to express my heartfelt gratitude to our colleagues and business partners, who have always been supportive and faithful to us in such a lasting and challenging adventure.

On behalf of the Board, I would also like to express my sincere appreciation to all the staff for their dedication and contribution in all aspects of the Group over the past year. I wish the Company another successful year with concerted efforts and teamwork from all of our staff.

Chan Chun Hong
Non-executive Chairman

Hong Kong, 8 June 2016



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2016, the Group's revenue and profit and total comprehensive income attributable to owners of the parent amounted to approximately HK\$645.5 million (2015: approximately HK\$1,230.0 million) and approximately HK\$410.0 million (2015: approximately HK\$457.4 million), respectively.

DIVIDEND

For prudence sake and for the purpose of reserving more fund for future development, the Board does not recommend any distribution of regular final dividend immediately after the listing of its shares on the Main Board of the Stock Exchange (the "Listing") on 12 April 2016 (the "Listing Date").

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2016 amounted to approximately HK\$645.5 million (2015: approximately HK\$1,230.0 million), which represented a decrease of approximately HK\$584.5 million compared with last year. The decrease in revenue was primarily attributable to a decrease in revenue recorded in our property development segment. Profit and total comprehensive income attributable to owners of the parent for the year was approximately HK\$410.0 million (2015: approximately HK\$457.4 million), which represented a slight decrease from last year. The Group continued to be profitable this year and it was contributed mainly by completion and delivery of the residential project, "The Met. Delight", as well as the remaining units of "The Met. Sublime". Besides, the Group also disposed of a number of properties during the year comprising the shopping mall, Riviera Plaza in Tsuen Wan, certain car parking spaces in Shatin Centre and three shops.



MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

Revenue recognised in this business segment during the year amounted to approximately HK\$567.5 million (2015: approximately HK\$1,210.2 million) which was contributed mainly by the completion and delivery of the residential projects, "The Met. Delight" at Camp Street in Cheung Sha Wan and the remaining units of "The Met. Sublime" at Kwai Heung Street in Sai Ying Pun. The decrease in revenue for the reporting period as compared to the year ended 31 March 2015 was attributable to the decrease in gross floor area and average selling price, which was due to the difference in product mix and location of the delivered properties.

One more unit in "726 Nathan Road" was disposed of in February 2016. As at the date of this report, there are two units unsold.

Below is general update on the current property development projects of the Group reporting their status as at the date of this report:

1. The site at 575–575A Nathan Road, Mong Kok has completed foundation work, construction of superstructure is expected to begin in the current financial year. The site will be developed into another 19-storey Ginza type commercial complex after our successful commercial development project — "726 Nathan Road". Targeted completion date of this development is expected to be in late 2017.
2. The site at Ma Kam Street, Ma On Shan in Sha Tin (Sha Tin Town Lot No. 599) was acquired in July 2014 through a tender of the Hong Kong Government land sale. It is a residential development site near the Ma On Shan Station. Foundation works will soon complete and superstructure will immediately follow. Expected completion of this project will be in 2018. The Group owns 60% equity interest in this development and the results and financial position of the entity holding the development are consolidated into the financial statements of the Group.
3. Another site in Sha Tin district located at Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598) was also acquired by the Group through a tender of the Hong Kong Government land sale in September 2014. It is also a residential development site near the Ma On Shan Station. Again, foundation works will also complete soon. Completion of development is expected to be in late 2017, which is earlier than the Ma Kam Street site stated above. This site will probably be delivered to purchaser earlier than the Ma Kam Street site stated above. The Group also owns 60% equity interest in this development and the results and financial position of the entity holding the development are consolidated into the financial statements of the Group.
4. The Group's third residential land piece in Sha Tin district, the site at Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587) was also acquired in the same way as the above two lots in February 2015. General building plan has been approved, slope and site formation works is progressing smoothly. The site is near to the Tai Wai Station on the East Rail Line and the Ma On Shan Line of the MTR. The Group solely owns this development and it is expected the development will be completed in early 2019.
5. Development works of the site at 13 and 15 Sze Shan Street, Yau Tong is still pending commencement. The negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 May 2016, the Group had a development land portfolio as follows:

Location	Approximate site area (square feet)	Intended usage	Anticipated year of completion
575–575A Nathan Road, Mong Kok	2,100	Commercial	2017
Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598)	33,300	Residential	2017
Ma Kam Street, Ma On Shan (Sha Tin Town Lot No. 599)	33,300	Residential	2018
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	Residential	2019
13 and 15 Sze Shan Street, Yau Tong	41,000	Residential and Commercial	2020

The Group will continue to maintain a prudent land bank strategy by acquiring development sites with good development potential and at a reasonable cost. We will actively compete in land tenders hosted by the Hong Kong Government and capture other opportunities in property acquisitions so as to maintain sufficient land bank to support the development of our property development business.

Property Investment

As at 31 March 2016, 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\$579.2 million (31 March 2015: approximately HK\$1,263.9 million).

During the year, the Group received gross rental income of approximately HK\$30.3 million (2015: approximately HK\$19.3 million), representing an increase of approximately HK\$11.0 million over last year. The increase in gross rental income was primarily attributable to the additional rental income generated from the shop unit at Percival Street, Causeway Bay which was acquired by the Group in February 2015. Tenancy agreement was entered into in February 2015 with a gross monthly rental of HK\$0.9 million.

On the other hand, during the year, the Group had disposed of a number of properties at consideration totaling to approximately HK\$1,104.3 million. Impact on rental income of the Group for the year by these properties is considered moderate only. The major disposals during the year are listed in the following paragraphs.

In August 2015, the Group entered into a sale and purchase agreement for the disposal of a subsidiary which held a shop unit at Mong Kok Road, Mong Kok at a consideration of HK\$158 million, details of which had been set out in the announcement of Wang On dated 12 August 2015. The transaction was completed on 11 November 2015.

In November 2015, the Group entered into a sale and purchase agreement with Wai Yuen Tong Medicine Holdings Limited for the disposal of the Group's two subsidiaries which held two shops at Tsuen Wan and Sham Shui Po for an aggregate consideration of HK\$70 million. The transaction was completed on 23 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Further, in December 2015 the Group entered into an agreement for the disposal of a subsidiary of the Group which indirectly held Riviera Plaza, a shopping mall in Tsuen Wan, at a consideration of HK\$823 million, details of which were set out in the announcement of the Parent Company dated 1 December 2015. The transaction was completed on 15 February 2016. This property was acquired by the Group in July 2013 with an intention of holding as long-term investment property which should strengthen the rental income stream of the Group. Since then the Group had devoted various effort and resources in designing layout and marketing plan for the shopping mall. The Group intends to revamp the mall into trendy neighborhood mall providing great variety of shopping choices and exciting experiences, hoping it will be a new iconic landmark in the region. With respect this plan, the mall had already been vacated since 2014 and during the year, the Group was in the process of finalising the general building plan and applying for alteration and enhancement approval. Renovation works were expected to be carried out after then. However, the management of the Group is of the view that the disposal serves to realise the discounted long-term potential of the property at a time of poor general retail market sentiment and pessimistic economic expectations for the near future.

Furthermore, in November 2015, the Group had also 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 had been sold before the year end with an aggregate gross revenue contribution of HK\$53.3 million. The remaining car parking spaces are held for sale and/or held for generating rental income.

The management of the Group is of the view that the various disposals would benefit the Group by indirectly realising these long-term investments and strengthening the liquidity and overall financial position.

Reference is also made to the prospectus of the Company dated 30 March 2016 (the "Prospectus"), in which it was stated that as at 21 March 2016, the Parent Company and its subsidiaries (excluding the Group) owned a total of 48 residential investment properties ("Excluded Properties") which were not injected into the Group as part of the spin-off listing of the Company in April 2016. The Company has been informed by the Parent Company that two out of these 48 Excluded Properties had been sold as of 8 June 2016. One of these two properties was delivered in April 2016 and the other will be completed in July 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group's total assets less current liabilities were approximately HK\$3,622.7 million (2015: approximately HK\$1,923.5 million) and the current ratio increased from approximately 1.1 times as at 31 March 2015 to approximately 6.9 times as at 31 March 2016. As at 31 March 2016, the Group had cash and cash equivalents of approximately HK\$475.8 million (2015: approximately HK\$242.4 million).

Aggregate bank borrowings as at 31 March 2016 amounted to approximately HK\$1,649.4 million (2015: approximately HK\$2,105.1 million). The gearing ratio was approximately 57.7% (2015: approximately 780.9%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2016, the Group's investment properties and properties under development, with carrying value of approximately HK\$527.5 million and HK\$2,910.5 million respectively, (2015: approximately HK\$1,247.1 million, HK\$2,655.2 million and properties held for sale of HK\$359.1 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2016 amounted to approximately HK\$127.5 million (2015: approximately HK\$49.7 million). The Group had no significant contingent liabilities as at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Foreign Exchange

The management of the Group is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group, being denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activities during the year.

Employees and Remuneration Policies

As at 31 March 2016, the Group had 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.

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:

- the Group's business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong;
- the Group may not be able to identify and acquire land bank which is suitable and desirable for our future development;
- the Group generates revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particular period depends on the mix of properties available for sale;
- the Group recorded a non-recurring fair value gain of approximately HK\$107.7 million for the year ended 31 March 2015 attributable to reclassification of a property held for sale into an investment property. However, our investment properties may incur negative fair value change in the future, which may adversely affect our profitability;
- the Group 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;
- the Group relies 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;
- the Group's results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and
- the Group is 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

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 8 June 2016, the net proceeds from the Listing were 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	2.9	27.2
TOTAL	310.8	2.9	307.9

The unutilised net proceeds from the Listing have been deposited in the bank accounts of the Group.

PROSPECTS

The economy of Hong Kong is expected to remain challenging in 2016. The depreciation of Renminbi, fluctuation in stock market and government measures on property market are expected to be the key factors impeding Hong Kong's economic growth.

Despite the continued enforcement of the cooling measures and general slowdown in the overall economic development, the demand from new home buyers are strong as evidenced by the successful residential properties pre-sale programs launched in Tseung Kwan O recently. Therefore, the Group will devote the best effort to launch our pre-sale programs of the two projects in Ma On Shan as scheduled to capture the market demands.

Going forward, the Group will stay active in participating the public land tender programme and looking for feasible re-development projects, to replenish our land bank. We will also take advantage of the market opportunities to acquire yield-enhancing investment properties to generate a recurring and stable rental income to the Group.

The Group expects the strong underlying residential demand, low interest rate and increasing population growth should continue to support the development of the Hong Kong property market. The Group continues to exploit every opportunity for its healthy 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 59, 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 Wang On in February 2004 as the general manager of the property department (sales and marketing) until February 2008. He subsequently 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 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 Wang On 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 Wang On, Mr. Wong held various senior positions in reputable and sizeable property developers.

Mr. Tang Ho Hong, aged 28, 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 five years of experience in property and land matters. Prior to joining the Company, Mr. Tang worked with Wang On 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 in December 2010. Mr. Tang is a member of the Henan Provincial Committee of The Chinese People's Political Consultative Conference.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Chun Hong, aged 52, has been appointed as the non-executive chairman of the Company since 23 December 2015. 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 our Group. Mr. Chan graduated from the Hong Kong Polytechnic University with a degree of Bachelor of Arts in Accountancy in November 1997. He was admitted as a fellow of The Chartered Association of Certified Accountants in November 1994 and an associate of the Hong Kong Institute of Certified Public Accountants in February 1990. He is also the managing director of Wang On and Wai Yuen Tong Medicine Holdings Limited, the managing director and the chairman of Easy One Financial Group Limited (formerly known as PNG Resources Holdings 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. Furthermore, Mr. Chan also acted as an independent non-executive director of Shanghai Prime Machinery Company Limited, a company listed on the Main Board of the Stock Exchange for the period from 22 November 2005 to 27 June 2014.

Independent Non-Executive Directors

Mr. Li Wing Sum Steven, aged 59, 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 Chartered Association of 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, 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 was the independent non-executive director of Rui Feng Petroleum Chemical Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange for the period from 1 June 2012 to 5 October 2013. 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 70, 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 67, 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 nearly 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 is also 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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Growth Enterprise Market of the Stock Exchange. 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 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 our Group. Mr. Yeung is responsible for managing various property and infrastructure developments of our 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 18 years. Prior to joining Wang On in March 2011, Mr. Yeung had worked for a major Hong Kong listed property developer for 11 years. He also acted as the director of quantity surveying division of Wang On with comprehensive experience in project management, tender procurement and cost control for 4 years.

Ms. Ching Tak Won Teresa, is the general manager (sales and marketing) of our 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 11 years of experience in sales and marketing in the property industry. Prior to joining our Group, she also acted as the assistant general manager (sales and marketing) of Wang On.

Mr. Ip Shu Pui, is the legal counsel of our 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 Wang On prior to joining our Group.

Ms. Wong Chin Han, is the financial controller and company secretary of our Company. Ms. Wong is responsible for the accounting and financial functions, internal control and secretarial affairs of our 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 Wang On in 2008, where she, in addition to financial management and reporting matters, also participated in the preparation of Wang On's regulatory announcements and circulars. Prior to joining Wang On, Ms. Wong worked in another Listed Company and an international accountancy firm. She has more than 20 years of experience in professional accounting.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognise 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company was listed on Main Board of the Stock Exchange on 12 April 2016, which is after the financial year ended 31 March 2016. Since the Listing Date and up to the date of this Corporate Governance Report, 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 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.



A Passion for Tomorrow

The Cornerstone to build for the future

CORPORATE GOVERNANCE REPORT

BUSINESS MODEL AND STRATEGY

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in 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 varying 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 businesses.

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.

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, 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 auditors, 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").

The Directors having material interest in the matter(s) shall abstain from voting at such Board meeting(s) and the INEDs with no conflict of interest shall attend at such meeting to deal with the matter(s).

CORPORATE GOVERNANCE REPORT

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.

Since the Listing Date, the first regular Board meeting was held on 8 June 2016 to review, consider and approve the final results of the Group for the year ended 31 March 2016. 14-day notice of such meeting was given to all Directors.

Composition

As at the date of this report, there were the following Directors:

Executive Directors

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

(appointed on 3 December 2015)
(appointed on 3 December 2015)

Non-executive Director

Mr. Chan Chun Hong, *Chairman*

(appointed on 23 December 2015)

Independent Non-executive Directors

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

(appointed on 17 March 2016)
(appointed on 17 March 2016)
(appointed on 17 March 2016)

There are no financial, business, family or other material relationships among the Directors. The biographical details of all Directors are set out on pages 13 to 15 of this report.

The Board possesses a mix and balance of skills and experience which are benefit for the requirements of the business of the Company. The opinion raised by the 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 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 2016 is summarised as follows:

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

The remuneration of the Directors is determined by reference to the performance and profitability of the Company, the prevailing market practice, the duties, experience and contribution of respective individuals which will be reviewed from time to time by the Remuneration Committee and the Board.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The roles of the Chairman and the chief executive officer held by Mr. Chan Chun Hong and Mr. 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 commencing from the Listing Date 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 commencing from the Listing Date 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. Pursuant to bye-laws 83(2) of the bye-laws of the Company (the "Bye-laws"), all Directors appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Thereafter, 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.

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 INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the period from the Listing Date and up to the date of this report. The Company continues to consider all the INEDs to be independent since the Listing Date 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, reviewed 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. This corporate governance report has been reviewed by the Board in discharge of its 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.

CORPORATE GOVERNANCE REPORT

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. Prior to the Listing Date, each Director received induction on the first occasion of his appointment, so as to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the Listing Rules.

All Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the Company 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. Each committee is required to report to the Board on its decision and recommendations, where appropriate.

Executive Committee

The Executive Committee was established on 17 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. 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 are, 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 and to make relevant recommendations to the Board to ensure effective and efficient operation and reliable reporting.

The Audit Committee had reviewed the Group's consolidated financial statements for the year ended 31 March 2016. No Audit Committee meeting was held during the financial year. Since the Listing Date and up to the date of this report, one Audit Committee meeting was held to review and discuss, *inter alia*, with the management of the Company and the external auditors the accounting principles and practices adopted by the Group, as well as internal controls, risk factors and other financial reporting matters, during which all INEDs were present throughout the meeting.

CORPORATE GOVERNANCE REPORT

The Board or 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 auditors 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 stipulating its authorities and duties in compliance with code provision of B.1.2 of the CG 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 Dr. Leung Tony Ka Tung is appointed as the chairman of the Remuneration Committee.

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, allowances and discretionary bonus;
- (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 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.

No Remuneration Committee meeting was held during the year and after the Listing Date.

In addition, pursuant to the code provision B.1.5 of the CG Code, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2016 is set out below:

Remuneration bands	Number of individual
HK\$1,000,001 to HK\$2,000,000	3
HK\$2,000,001 to HK\$3,000,000	1

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee has been established on 17 March 2016 with specific written terms of reference 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 role and function 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.

No Nomination Committee meeting was held during the year under review and after the Listing Date.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's auditors for the year ended 31 March 2016 are set out as follows:

Services rendered for the Group	Fees paid/payable to HK\$'000
Audit services	
— annual financial statements	1,750
Non-audit services:	
— Professional services fee in relation to the Share Offer	3,365
— taxation and professional services	3,713
— other professional services	280
Total:	9,108

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements 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 2016, 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.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board has undertaken the overall responsibility for maintaining sound and effective internal control and risk management systems to safeguard the Company's assets and shareholders' interests, as well as, with the Audit Committee, for reviewing the effectiveness of these systems. During the year under review, the Company's business analysis & control department had reviewed the internal control and risk management system and certain risk factors so as to ensure that they can provide reasonable assurance against misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company may engage independent consultants to conduct review of the internal control system and risk management of the Group as and when necessary. The Board is responsible for approving and overall reviewing internal control policy while the responsibility of day-to-day management of operational risks lies with the management.

The internal control system is designed to provide reasonable, but not absolute, assurance against material loss; and to manage rather than completely eliminate the risk of system failure. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations. During the year, the Board reviewed all material internal control, including financial, operational and compliance control and risk management function. It also reviewed the findings from the Company's business analysis and control department the effectiveness of the Group's internal control system, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and satisfied that they were effective and in compliance with our policies.

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 Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

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 answered 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.

CORPORATE GOVERNANCE REPORT

Investor Relations

The Group also has a proactive investor relations programme that keeps Stakeholders 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 to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981, but any meeting so convened shall not be held after the expiration of three months from the said date.

The requisition must be signed by the requisitionists and deposited at the principal place of business of the Company at 5B, Wai Yuen Tong Medicine Building, 9 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.

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 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 special general meetings, 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 "Corporate Profile" on the website of the Group at www.woproperties.com.

CORPORATE GOVERNANCE REPORT

Enquiries to the Board

Stakeholders may send their enquiries and concerns, in written form, to the Board in writing 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/PR Manager
Wang On Properties Limited
5B, Wai Yuen Tong Medicine Building
9 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 highest 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. Since the Listing Date and up to the date of this report, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations.

COMPANY SECRETARY

Ms. Wong Chin Han, who was appointed as a full-time company secretary of the Company since 4 December 2015, reports directly to the Board and is responsible for, *inter alia*, providing updated and timely information to all Directors from time to time.

Upon the Listing Date, Ms. Wong has complied with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, statutory requirements and other regulatory requirements. As at 31 March 2016, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

A statement by the auditors about their reporting responsibilities is set out on pages 35 to 36 of this report. There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

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

The Company adopted the new Bye-laws on 17 March 2016. Since the Listing Date and up to the date of this report, there was no change in the constitutional document. The Memorandum of Association and the 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 first report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. 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.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Bermuda on 19 November 2015. The Group underwent a reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the initial public offering of the shares of the Company on the Main Board of the Stock Exchange (the "Share Offer"). Details of the Reorganisation are set out in the Company's prospectus dated 30 March 2016 in respect of the Share Offer.

The shares of the Company were listed on the Main Board of the Stock Exchange by way of the Share Offer with effect from 12 April 2016. In the opinion of the Directors, Wang On, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Company.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2016 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 37 to 91.

The Group's revenue and profit and total comprehensive income attributable to owners of the parent for the year ended 31 March 2016 amounted to approximately HK\$645.5 million (2015: approximately HK\$1,230.0 million) and approximately HK\$410.0 million (2015: approximately HK\$457.4 million), respectively.

For prudence sake and for the purpose of reserving more fund for future development, the Board does not recommend any distribution of regular final dividend immediately after the Listing.

BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

The business review and the key financial performance indicators to the business of the Group, including, among other things, the information set out below, are set out in the "Management Discussion and Analysis" on pages 7 to 12 of this report:

- (a) a fair review of the Group's business;
- (b) principal risk factors;
- (c) an analysis using financial key performance indicators;
- (d) use of net proceeds from the Share Offer; and
- (e) future development in the Group's business.

As far as the Board is concerned, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group during the year.

REPORT OF THE DIRECTORS

FOUR YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial statements as restated as appropriate, is set out on page 94 of this report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, PROPERTIES UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

Details of movements in the property, plant and equipment, investment properties, properties under development and properties held for sale of the Group during the year are set out in notes 13, 14, 15 and 16 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 24 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

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.

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, damages and expenses which they may incur or sustain in or about the execution of the duties of their duty, or supposed duty, in 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 effectively from the Listing Date.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 25 and 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2016, 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\$2,023.5 million (2015: Nil).

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, revenue from the Group's five largest customers accounted for approximately 15.0% (2015: approximately 28.1%) of the total revenue and the revenue from our single largest customer accounted to approximately 6.7% (2015: approximately 9.1%). Acquisition cost of land/properties and cost of services certified by authorised person of the Group's five largest suppliers accounted for approximately 92.2% (2015: approximately 98.9%) 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 36.0% (2015: approximately 91.2%) 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.

PLEDGE OF ASSETS

Aggregate bank borrowings as at 31 March 2016 amounted to approximately HK\$1,649.4 million (2015: approximately HK\$2,105.1 million). As at 31 March 2016, the Group's investment properties and properties under development, with carrying value of approximately HK\$527.5 million and HK\$2,910.5 million (2015: approximately HK\$1,247.1 million, HK\$2,655.2 million and properties held for sale of approximately HK\$359.1 million) were pledged to secure the Group's general banking facilities.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Wong Yiu Hung Gary, <i>Chief Executive Officer</i>	(appointed on 3 December 2015)
Mr. Tang Ho Hong	(appointed on 3 December 2015)

Non-executive Director

Mr. Chan Chun Hong, <i>Chairman</i>	(appointed on 23 December 2015)
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Independent Non-executive Directors

Mr. Li Wing Sum Steven	(appointed on 17 March 2016)
Mr. Sung Tze Wah	(appointed on 17 March 2016)
Sr. Dr. Leung Tony Ka Tung	(appointed on 17 March 2016)

In accordance with Bye-law 83(2) and Bye-law 84(1) of the Bye-laws, all Directors will retire and, being eligible, will offer themselves for re-election 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. The Company still considers them to be independent from the Listing Date and up to the date of this report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 15 of this report.

REPORT OF THE DIRECTORS

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' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in notes 8 and 30 to the financial statements, no Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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

As at the date of this first report, none of 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 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.

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

As at the date of this first report, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 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) %
Wang On	(1)	Interest of controlled corporation	1,140,000,000	75.0
Mr. Tang Ching Ho	(2)	Other interest	1,140,000,000	75.0
Ms. Yau Yuk Yin	(2)	Other interest	1,140,000,000	75.0

REPORT OF THE DIRECTORS

Notes:

- (1) Wang On 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") which directly held 1,140,000,000 shares of the Company. Under the SFO, each of WOE and Wang On is 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 Wang On through (i) his personal interest; (ii) his spouse's interest in Wang On; (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, the spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 51.76% of the total issued share capital of Wang On through (i) her personal interest; (ii) Mr. Tang Ching Ho's interest in Wang On; 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 1,140,000,000 shares of the Company held by Wang On for the sole purpose of Part XV of the SFO.
- (3) The relevant percentages have been calculated by reference only to the aggregate number of shares of the Company in issue of 1,520,000,000 shares as at the date of this report.

Save as disclosed above, as at the date of this report, 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 the SFO.

NON-COMPETITION UNDERTAKING

As disclosed in the Company's Prospectus dated 30 March 2016, the Parent Company and the Company entered into a deed of non-competition (the "Deed") under which the Parent Company 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 the Parent Company that it has complied with the terms of the Deed during the period from the Listing Date and up to the date of this report and our INEDs have reviewed the compliance by the Parent Company with the Deed for that period.

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 Ma Kam Street project, the Hang Kwong Street project and the Tai Po Road project, 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.

CORPORATE SOCIAL RESPONSIBILITY

While the Group endeavour to promote business development and strive for greater rewards for our stakeholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. In the past years, the Group made charity donations to organisations included Yan Oi Tong, Hong Kong New Arrivals Services Foundation Limited, Live In Harmony Fund Limited and Chi Lin Nunnery. In light of the ever greater disparity between rich and poor in Hong Kong society developed 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.

REPORT OF THE DIRECTORS

RELATIONSHIP WITH SUPPLIERS

The selection of contractors is conducted through tender process, taking into consideration, among other things, their backgrounds, track record performances, quality of workmanship, proposed delivery schedules and costs of the contractors.

RELATIONSHIP WITH CUSTOMERS

For our development projects, the Group has comprehensive hand-over procedures to ensure delivery of quality products to our customers. For our investment properties, the Group designates certain experienced staff to obtain regular feedback and handle queries from customers.

DONATIONS

During the year, the Group made charitable and other donations totaling approximately HK\$11.6 million (2015: approximately HK\$12.0 million).

EMOLUMENT POLICY

As at 31 March 2016, the Group had 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 ("MPF") as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

CORPORATE 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 16 to 27 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 ("KCF") as the compliance adviser. KCF, being one of the joint sponsors in relation to the Listing, has declared its independence pursuant to Rule 3A.07 of the Listing Rules. 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 established the Audit Committee with specific terms of reference in compliance with Rule 3.21 of the Listing Rules on 17 March 2016. Immediately after the Listing Date, the Audit Committee met once with the management and the external auditors to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters, 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 2016 have been reviewed by the Audit Committee with the management and external auditors 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 with the management and the auditors the consolidated financial statements for the year ended 31 March 2016. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

REPORT OF THE DIRECTORS

EVENT AFTER THE REPORTING PERIOD

Details of significant event after the reporting period of the Group are set out in note 34 to the financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2016 have been audited by Messrs. Ernst & Young, who retire and, being eligible, offer themselves for re-appointment. A resolution for their reappointment 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, 8 June 2016

INDEPENDENT AUDITORS' REPORT



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

We have audited the consolidated financial statements of Wang On Properties Limited (the "Company") and its subsidiaries set out on pages 37 to 91, which comprise the consolidated statement of financial position as at 31 March 2016, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

8 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	5	645,486	1,229,971
Cost of sales		(417,110)	(667,148)
Gross profit		228,376	562,823
Other income and gains, net	5	311,655	20,101
Selling and distribution expenses		(48,384)	(64,277)
Administrative expenses		(139,885)	(110,136)
Other expenses		—	(698)
Finance costs	7	(28,591)	(24,953)
Fair value gains on investment properties, net	14	20,694	47,588
Fair value gain upon transfer of a property held for sale to an investment property	14	—	107,725
Reversal of write-down of properties under development		49,564	—
 PROFIT BEFORE TAX	 6	 393,429	 538,173
Income tax credit/(expense)	10	15,314	(80,950)
 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 408,743	 457,223
 Profit and total comprehensive income attributable to:			
Owners of the parent		410,000	457,399
Non-controlling interests		(1,257)	(176)
		 408,743	 457,223
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	 12		
Basic and diluted		 HK35.96 cents	 HK40.12 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	70	62,071
Investment properties	14	579,200	1,263,900
Properties under development	15	350,000	300,273
Deposits paid	17	—	54
Deferred tax assets	23	1,577	3,460
Total non-current assets		930,847	1,629,758
CURRENT ASSETS			
Properties under development	15	2,560,519	2,354,889
Properties held for sale	16	92,473	439,134
Due from the Remaining WOG Group	19	—	1,082,807
Prepayments, deposits and other receivables	17	14,977	152,036
Tax recoverable		1,022	762
Cash and cash equivalents	18	475,831	242,388
Total current assets		3,144,822	4,272,016
CURRENT LIABILITIES			
Trade payables	20	37,508	78,135
Other payables and accruals	21	25,738	19,439
Due to the Remaining WOG Group	19	—	2,562,449
Loans from WOG	19	—	352,743
Deposits received and receipts in advance		13,567	155,744
Interest-bearing bank and other loans	22	326,677	667,971
Tax payable		49,448	141,759
Total current liabilities		452,938	3,978,240
NET CURRENT ASSETS		2,691,884	293,776
TOTAL ASSETS LESS CURRENT LIABILITIES		3,622,731	1,923,534
NON-CURRENT LIABILITIES			
Other payables	21	21,973	7,581
Interest-bearing bank and other loans	22	1,567,044	1,672,266
Deferred tax liabilities	23	2,573	5,204
Total non-current liabilities		1,591,590	1,685,051
Net assets		2,031,141	238,483

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	1	—
Reserves	25	2,032,454	238,540
		2,032,455	238,540
Non-controlling interests		(1,314)	(57)
Total equity		2,031,141	238,483

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Notes	Attributable to owners of the parent					Non-controlling interests HK\$'000	Total equity HK\$'000
		Issued capital HK\$'000 (note 24)	Contributed surplus HK\$'000 (note 25(i))	Capital reserve HK\$'000 (note 25(ii))	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2014		–	–	–	259,472	259,472	(312)	259,160
Profit and total comprehensive income for the year		–	–	–	457,399	457,399	(176)	457,223
Dividend paid to the then shareholders	11	–	–	–	(477,900)	(477,900)	–	(477,900)
Deemed disposal of partial interest in subsidiaries		–	–	11	–	11	(11)	–
Acquisition of non-controlling interests		–	–	(442)	–	(442)	442	–
At 31 March 2015 and 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	1	1,553,914*	(431)*	478,971*	2,032,455	(1,314)	2,031,141	

* These reserve accounts comprise the consolidated reserves of HK\$2,032,454,000 (2015: HK\$238,540,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		393,429	538,173
Adjustments for:			
Finance costs	7	28,591	24,953
Bank interest income	5	(110)	(9)
Loss on disposal of an investment property	6	–	660
Loss on disposal of items of property, plant and equipment	6	–	38
Gain on disposal of subsidiaries, net	5	(307,815)	–
Fair value gains on investment properties, net	14	(20,694)	(47,588)
Fair value gain upon transfer of a property held for sale to an investment property	14	–	(107,725)
Depreciation	6	1,487	1,998
Reversal of write-down of properties under development	15	(49,564)	–
Accrued rent-free rental income	14	(332)	(2,555)
Decrease in properties held for sale		44,992	407,945
Increase in properties under development		321,818	658,350
Decrease in prepayments, deposits and other receivables		(159,648)	(2,142,469)
Decrease in amounts due to the Remaining WOG Group		135,962	168,801
Increase/(decrease) in trade payables		(98,255)	(17,719)
Increase in other payables and accruals		(40,627)	31,871
Decrease in deposits received and receipts in advance		21,033	6,039
Cash generated from/(used in) operations		(140,848)	(150,863)
Profits tax paid		84,427	(1,038,045)
		(76,525)	(84,607)
Net cash flows from/(used in) operating activities		7,902	(1,122,652)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Net cash flows from/(used in) operating activities		7,902	(1,122,652)
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received	5	110	9
Additions to investment properties	14	(1,272)	(235,157)
Purchases of items of property, plant and equipment	13	(82)	(21)
Proceeds from disposal of investment properties		–	59,340
Disposal of subsidiaries	27	1,035,694	–
Decrease in amounts due from the Remaining WOG Group		1,017,829	133,522
Net cash flows from/(used in) investing activities		2,052,279	(42,307)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(74,736)	(45,739)
Dividends paid		(170,000)	(477,900)
Repayment of bank loans		(947,643)	(308,043)
Repayment of loans from WOG		–	(187,622)
New bank loans		491,927	1,215,595
New other loans		9,200	235,162
New loan from WOG		–	352,743
Increase/(decrease) in amounts due to the Remaining WOG Group		(1,135,487)	538,906
Proceeds from issue of shares		1	–
Net cash flows from/(used in) financing activities		(1,826,738)	1,323,102
NET INCREASE IN CASH AND CASH EQUIVALENTS		233,443	158,143
Cash and cash equivalents at beginning of year		242,388	84,245
CASH AND CASH EQUIVALENTS AT END OF YEAR		475,831	242,388
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	475,831	242,388

NOTES TO FINANCIAL STATEMENTS

31 March 2016

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 5B, Wai Yuen Tong Medicine Building, 9 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
China Tech Limited	Hong Kong	Ordinary HK\$1	—	100	Property development
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

31 March 2016

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		Principal activities
			Direct	Indirect	
Double Vantage Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
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 Golden 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
Rich System Investments Limited	Hong Kong	Ordinary HK\$1	–	100	Property development
Shiny World Investment Limited	Hong Kong	Ordinary HK\$1	–	100	Property investment
Sparkle Hope Limited	BVI	Ordinary US\$1	–	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 March 2016

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	Principal activities
			Direct	Indirect
Vincent Investments Limited*	Hong Kong	Ordinary HK\$2	—	100 Property development
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 22).

Details of the subsidiaries disposed of during the year are summarised in note 27 to the financial statements.

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.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 March 2016. Since the companies now comprising the Group were under the common control of the controlling shareholder both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2016 and 2015 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2016 and 2015 have been prepared to present the assets and liabilities of all companies now comprising the Group using the existing book values from the controlling shareholder's perspective.

Equity interests in companies now comprising the Group held by parties other than the controlling shareholder and changes therein prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for accounting commencing from 1 April 2015 have been early adopted by the Group in the preparation of the financial statements for the year ended 31 March 2015.

These financial statements 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 2016. 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). As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statements items of the combined entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or business first came under common control, where there is a shorter period, regardless of the date of the common control combination.

The acquisition of subsidiaries other than those under common control has been accounted for using the acquisition method.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.2 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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.

2.3 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.

HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁵</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception¹</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations¹</i>
HKFRS 14	<i>Regulatory Deferral Accounts⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 1	<i>Disclosure Initiative¹</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation¹</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants¹</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements¹</i>
Annual Improvements 2012–2014 Cycle	<i>Amendments to a number of HKFRSs¹</i>

¹ Effective for annual periods beginning on or after 1 January 2016

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 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁵ No mandatory effective date is determined but available for early adoption

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

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

31 March 2016

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

The 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 amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

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 September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the full impact of the standard on its financial position and results of operations. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

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 Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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 to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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 interests.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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.

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

31 March 2016

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%
Leasehold improvements	15% to 33% or over the lease term
Furniture, fixtures and office equipment	15% to 50%
Motor vehicle	20%
Computer equipment	15% to 33%

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development *(Continued)*

Sales deposits/installments 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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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 if 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).

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 *Income Tax*, i.e., based on the expected manner as to how the properties will be recovered.

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), when the sale agreement becomes unconditional;
- (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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 23 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are 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.

For the year ended 31 March 2016, a reversal of write-down of properties under development of HK\$49,564,000 (2015: Nil) was recognised in profit or loss.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

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

NOTES TO FINANCIAL STATEMENTS

31 March 2016

4. OPERATING SEGMENT INFORMATION *(Continued)*

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the years ended 31 March 2016 and 2015, and the non-current assets of the Group were located in Hong Kong as at 31 March 2016 and 2015.

Year ended 31 March

	Property development		Property investment		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue:						
Sales to external customers	567,509	1,210,177	77,977	19,794	645,486	1,229,971
Other revenue	52,616	127,547	332,155	49,394	384,771	176,941
Total	620,125	1,337,724	410,132	69,188	1,030,257	1,406,912
Segment results	103,154	512,793	343,661	50,324	446,815	563,117
Reconciliation:						
Bank interest income					110	9
Finance costs					(28,591)	(24,953)
Corporate and unallocated expenses					(24,905)	–
Profit before tax					393,429	538,173
Income tax credit/(expense)					15,314	(80,950)
Profit for the year					408,743	457,223
Other segment information						
Depreciation	12	39	1,475	1,959	1,487	1,998
Reversal of write-down of properties under development	49,564	–	–	–	49,564	–
Capital expenditure*	82	–	1,272	235,177	1,354	235,177
Fair value gains/(losses) on investment properties, net	(2,967)	(1,536)	23,661	49,124	20,694	47,588
Fair value gain upon transfer of a property held for sale to an investment property	–	107,725	–	–	–	107,725

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

Information about a major customer

For the year ended 31 March 2016 and 2015, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents proceeds from the sale of properties and gross rental income received 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:

	2016 HK\$'000	2015 HK\$'000
Revenue		
Sale of properties	613,927	1,208,641
Gross rental income	30,265	19,254
Property management fee income	1,294	2,076
	645,486	1,229,971
Other income and gains, net		
Bank interest income	110	9
Forfeiture of deposits from customers	2,693	18,913
Gains on disposal of subsidiaries, net (note 27)	307,815	–
Gain on voluntary winding-up of subsidiaries	–	48
Others	1,037	1,131
	311,655	20,101

6. PROFIT BEFORE TAX

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

	Note	2016 HK\$'000	2015 HK\$'000
Cost of services provided		6,254	7,229
Cost of properties sold		409,325	658,349
Depreciation	13	1,487	1,998
Minimum lease payments under operating leases		3,505	–
Auditors' remuneration		1,750	673
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		86,118	98,007
Pension scheme contributions		923	674
Less: Amount capitalised		(12,991)	(19,679)
		74,050	79,002
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		1,531	1,570
Loss on disposal of an investment property*		–	660
Loss on disposal of items of property, plant and equipment*		–	38

* These items are included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 HK\$'000	2015 HK\$'000
Interest on bank loans and other loans	74,736	54,410
Less: Interest capitalised	(46,145)	(29,457)
	28,591	24,953

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:

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	2016 HK\$'000	2015 HK\$'000
Fees	—	—
Other emoluments:		
Salaries, allowances and benefits in kind	3,608	3,625
Performance-related bonuses*	9,733	13,468
Pension scheme contributions	91	98
	13,432	17,191
	13,432	17,191

* 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

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

(a) Independent non-executive directors

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

	2016 HK\$'000	2015 HK\$'000
Mr. Li Wing Sum Steven	—	—
Mr. Sung Tze Wah	—	—
Sr. Dr. Leung Tony Ka Tung	—	—
	—	—

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 (2015: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2016

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

(b) The chief executive officer, executive directors 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
2016						
Executive director:						
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
2015						
Executive director:						
Mr. Wong Yiu Hung Gary	(i)&(ii)	–	1,733	5,777	17	7,527
Mr. Tang Ho Hong	(i)	–	624	327	18	969
		–	2,357	6,104	35	8,496
Non-executive director:						
Mr. Chan Chun Hong	(iii)	–	1,268	7,364	63	8,695
		–	3,625	13,468	98	17,191

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 (2015: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2016

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2015: two) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration for the year of the remaining three (2015: three) non-directors, highest paid employees are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	15,001	13,646
Performance-related bonuses	11,831	17,610
Pension scheme contributions	45	53
	26,877	31,309

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

	Number of employees 2016	2015
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	–	–
HK\$3,500,001 to HK\$4,000,000	–	–
Over HK\$4,000,000	2	1

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2016 HK\$'000	2015 HK\$'000
Current — Hong Kong		
Charge for the year	13,577	82,072
Overprovision in prior years	(29,255)	(459)
Deferred (note 23)	(15,678) 364	81,613 (663)
Total tax charge/(credit) for the year	(15,314)	80,950

NOTES TO FINANCIAL STATEMENTS

31 March 2016

10. INCOME TAX *(Continued)*

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

	2016 HK\$'000	2015 HK\$'000
Profit before tax	393,429	538,173
Tax at the Hong Kong tax rate of 16.5%	64,916	88,799
Adjustments in respect of current tax of previous periods	(29,255)	(459)
Adjustments in respect of deferred tax of previous periods	(2,421)	(2,908)
Income not subject to tax	(53,148)	(5,967)
Expenses not deductible for tax	9,099	1,312
Tax losses utilised from previous periods	(8,347)	(5,338)
Tax losses not recognised	3,983	3,877
Others	(141)	1,634
Tax charge/(credit) at the Group's effective rate	(15,314)	80,950

11. DIVIDENDS

	Note	2016 HK\$'000	2015 HK\$'000
Special dividends	(i)	170,000	477,900

Notes:

- (i) During the years ended 31 March 2016 and 2015 and before the completion of the Reorganisation, certain subsidiaries of the Company declared special dividends aggregating HK\$170,000,000 and HK\$477,900,000, respectively, to their then shareholders.
- (ii) The directors do not recommend the payment of any dividend for the years ended 31 March 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS

31 March 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 2016 is based on the profit for the year attributable to owners of the parent of HK\$410,000,000 (2015: HK\$457,399,000) and the weighted average number of ordinary shares of 1,140,000,000 (2015: 1,140,000,000) in issue during the year, on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 24(ii)) in connection with the listing of the shares of the Company had been completed on 1 April 2014.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2016 includes 100,000 ordinary shares of the Company issued on 2 December 2015 and 1,139,900,000 new ordinary shares issued pursuant to the Capitalisation Issue, as further detailed in note 24(ii) to the financial statements, on the assumption that these shares had been in issue throughout the year ended 31 March 2016.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2015 was based on 1,140,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 March 2015.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 March 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicle HK\$'000	Computer equipment HK\$'000	Total HK\$'000
31 March 2016						
At 31 March 2015 and 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						
Additions	62,021	–	50	–	–	62,071
Disposal of subsidiaries to the Remaining WOG Group (note 27(ii))	–	–	–	82	–	82
Depreciation provided during the year	(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
31 March 2015						
At 1 April 2014:						
Cost	64,643	11	190	–	365	65,209
Accumulated depreciation	(683)	(2)	(125)	–	(313)	(1,123)
Net carrying amount	63,960	9	65	–	52	64,086
At 1 April 2014, net of accumulated depreciation						
Additions	63,960	9	65	–	52	64,086
Disposal	–	–	21	–	–	21
Depreciation provided during the year	–	(7)	(12)	–	(19)	(38)
Depreciation provided during the year	(1,939)	(2)	(24)	–	(33)	(1,998)
At 31 March 2015, net of accumulated depreciation	62,021	–	50	–	–	62,071
At 31 March 2015:						
Cost	64,643	–	192	–	336	65,171
Accumulated depreciation	(2,622)	–	(142)	–	(336)	(3,100)
Net carrying amount	62,021	–	50	–	–	62,071

NOTES TO FINANCIAL STATEMENTS

31 March 2016

14. INVESTMENT PROPERTIES

	2016 HK\$'000	2015 HK\$'000
Carrying amount at 1 April	1,263,900	898,600
Additions	1,272	235,157
Disposal	–	(60,000)
Disposal of subsidiaries (note 27(i))	(706,998)	–
Net gain from fair value adjustments	20,694	47,588
Accrued rent-free rental income	332	2,555
Transfer from properties held for sale	–	32,275
Fair value gain upon transfer of a property held for sale to an investment property	–	107,725
 Carrying amount at 31 March	 579,200	 1,263,900

The Group's investment properties consists of seven commercial and one industrial properties (2015: ten commercial and one industrial properties) in Hong Kong as at 31 March 2016. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2016 by Asset Appraisal Limited, independent professionally qualified valuers, at HK\$579,200,000 (2015: HK\$1,263,900,000). Each year, the Group's financial controller decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's financial controller has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties and a related party under operating leases, further summary details of which are included in notes 28(a) and 30 to the financial statements.

At 31 March 2016, the Group's investment properties with an aggregate carrying value of HK\$527,500,000 (2015: HK\$1,247,100,000) and certain rental income generated therefrom were pledged to secure the Group's general banking facilities granted to the Group (note 22).

Further particulars of the Group's investment properties are included on page 92.

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) 2016 HK\$'000	2015 HK\$'000
Recurring fair value measurement for:		
Commercial properties	562,900	1,247,100
Industrial property	16,300	16,800
	579,200	1,263,900

NOTES TO FINANCIAL STATEMENTS

31 March 2016

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

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 (2015: 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 2014	883,100	15,500	898,600
Additions	235,157	–	235,157
Disposal	(60,000)	–	(60,000)
Transfer from properties held for sale	32,275	–	32,275
Accrued rent-free rental income	2,555	–	2,555
Net gain from fair value adjustments	46,288	1,300	47,588
Fair value gain upon transfer of a property held for sale to an investment property	107,725	–	107,725
Carrying amount at 31 March 2015 and 1 April 2015	1,247,100	16,800	1,263,900
Additions	1,272	–	1,272
Disposal of subsidiaries (note 27(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	562,900	16,300	579,200

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	
			2016	2015
Commercial properties	Investment method and direct comparison method	Estimated rental value per square feet and per month Capitalisation rate Price per square feet	HK\$415 2.5% HK\$28,090 to HK\$73,775	HK\$405 2.3% HK\$2,000 to HK\$85,437
Industrial property	Direct comparison method	Price per square feet	HK\$5,514	HK\$5,683

As at 31 March 2016, 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Significant increases/(decreases) in estimated rental value per square feet in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. Significant increases/(decreases) 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

	2016 HK\$'000	2015 HK\$'000
Carrying amount at 1 April	2,655,162	1,267,283
Additions (including development cost and capitalised interest)	205,793	2,171,926
Transfer to properties held for sale	–	(784,047)
Reversal of write-down of properties under development	49,564	–
 Carrying amount at 31 March	 2,910,519	 2,655,162

Properties under development expected to be completed:

	2016 HK\$'000	2015 HK\$'000
Beyond normal operating cycle included under non-current assets	350,000	300,273
Within normal operating cycle included under current assets	2,560,519	2,354,889
 2,910,519	 2,655,162	

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

	2016 HK\$'000	2015 HK\$'000
Within one year	–	–
After one year	2,560,519	2,354,889
 2,560,519	 2,354,889	

At 31 March 2016, the Group's properties under development with an aggregate carrying value of HK\$2,910,519,000 (2015: HK\$2,655,162,000) were pledged to secure the Group's general banking facilities (note 22).

Further particulars of the Group's properties under development are included on page 93.

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16. PROPERTIES HELD FOR SALE

	2016 HK\$'000	2015 HK\$'000
Carrying amount at 31 March	92,473	439,134

At 31 March 2015, the Group's properties held for sale with an aggregate carrying value of HK\$359,109,000 were pledged to secure the Group's general banking facilities (note 22).

Further particulars of the Group's properties held for sale are included on page 92.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2016 HK\$'000	2015 HK\$'000
Prepayments		5,437	6,256
Deposits	(i)	2,101	32,485
Other receivables	(ii)	7,439	113,349
		14,977	152,090
Less: Deposits classified as non-current assets		–	(54)
		14,977	152,036

Notes:

- (i) The deposits as at 31 March 2015 included a tender deposit of HK\$30,000,000 paid to the Urban Renewal Authority in respect of a tender for a development project, which had been fully refunded to the Group during the year.
- (ii) The Group's sales proceeds from the pre-sale of properties under development with an aggregate carrying value of HK\$111,662,000 as at 31 March 2015 were pledged to secure the Group's general banking facilities (note 22). No sales proceeds from the pre-sale of properties under development as at 31 March 2016 were pledged for any bank loans of the Group.

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.

NOTES TO FINANCIAL STATEMENTS

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18. CASH AND CASH EQUIVALENTS

	2016 HK\$'000	2015 HK\$'000
Cash and bank balances	475,831	242,388

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. BALANCES WITH THE REMAINING WOG GROUP

As at 31 March 2015, the balances with the Remaining WOG Group were unsecured, interest-free and have no fixed terms of repayment, except for the loans from WOG of HK\$352,743,000, which bore interest at 3% per annum. The carrying amounts of these balances approximate to their fair values.

Pursuant to the Reorganisation and on 16 March 2016, Earnest Spot assigned an aggregate amount of HK\$2,047,989,000 (which comprised the aggregate consideration of HK\$496,443,000 for the acquisition of the entire issued share capital of East Run and More Action and the aggregate shareholder's loans of HK\$1,551,546,000 owed by the Group to the Remaining WOG Group) to the Company for a consideration of HK\$1. The difference between the aggregate sum assigned and the consideration was accounted for as a deemed capital contribution from Earnest Spot and recognised as contributed surplus in equity of the Company.

20. 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:

	2016 HK\$'000	2015 HK\$'000
Within 90 days	37,508	78,135

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.

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21. OTHER PAYABLES AND ACCRUALS

	2016 HK\$'000	2015 HK\$'000
Other payables	29,495	12,998
Accruals	18,216	14,022
	47,711	27,020
Less: Other payables classified as non-current liabilities	(21,973)	(7,581)
	25,738	19,439

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.

22. INTEREST-BEARING BANK AND OTHER LOANS

	2016		2015			
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current:						
Bank loans — secured	HIBOR+(1.28–2.00)/ Prime rate-2.75	2016 or on demand	320,056	HIBOR+(1.25–3.05)/ Prime rate-2.75	2015 or on demand	660,713
Long term bank loans repayable on demand — secured	HIBOR+2/ Prime rate-2.75	On demand	6,621	HIBOR+1.25/ Prime rate-2.75	On demand	7,258
			326,677			667,971
Non-current:						
Bank loans — secured	HIBOR+(1.28-1.79)	2017-2025	1,322,682	HIBOR+(1.52-2.24)	2017-2025	1,437,104
Other loans — unsecured	6	2018	244,362	6	2018	235,162
			1,567,044			1,672,266
Total			1,893,721			2,340,237

NOTES TO FINANCIAL STATEMENTS

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22. INTEREST-BEARING BANK AND OTHER LOANS *(Continued)*

	2016 HK\$'000	2015 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand (Note)	326,677	667,971
In the second year	943,194	312,008
In the third to fifth years, inclusive	379,488	778,881
Beyond five years	–	346,215
	1,649,359	2,105,075
Other loans repayable:		
Within one year or on demand	–	–
In the second year	92,001	–
In the third to fifth years, inclusive	152,361	235,162
Beyond five years	–	–
	244,362	235,162
	1,893,721	2,340,237

Note: As further explained in note 33 to the financial statements, the Group's term loans with an aggregate amount of HK\$48,958,000 (2015: HK\$111,301,000) 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

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22. 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:

	2016 HK\$'000	2015 HK\$'000
Bank loans repayable:		
Within one year	320,056	660,713
In the second year	303,882	312,826
In the third to fifth years, inclusive	897,119	778,681
Beyond five years	128,302	352,855
	1,649,359	2,105,075
Other loans repayable:		
Within one year	–	–
In the second year	92,001	–
In the third to fifth years, inclusive	152,361	235,162
Beyond five years	–	–
	244,362	235,162
	1,893,721	2,340,237

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), properties held for sale (note 16), sales proceeds from the pre-sale of properties under development (note 17(ii)) and share charges in respect of the equity interests of five (2015: six) 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 (2015: HK\$4,312,595,000) as at the end of the reporting period.

- (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

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23. 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 2014	2,407
Deferred tax charged to profit or loss during the year (note 10)	2,797
At 31 March 2015 and 1 April 2015	5,204
Deferred tax credited to profit or loss during the year (note 10)	(1,519)
Disposal of subsidiaries (note 27(i))	(1,112)
At 31 March 2016	<u>2,573</u>

Deferred tax assets

	Losses available for offsetting against future taxable profits HK\$'000
At 1 April 2014	—
Deferred tax credited to profit or loss during the year (note 10)	3,460
At 31 March 2015 and 1 April 2015	3,460
Deferred tax charged to profit or loss during the year (note 10)	(1,883)
At 31 March 2016	<u>1,577</u>

The Group has tax losses arising in Hong Kong of approximately HK\$101,322,000 (2015: HK\$194,884,000), 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

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24. SHARE CAPITAL

	2016 HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.01 each	50,000
Issued and fully paid: 100,000 ordinary shares of HK\$0.01 each	1

The movements in the Company's share capital during the period from 19 November 2015 (date of incorporation) to 31 March 2016 were as follows:

	Notes	Number of ordinary shares of HK\$0.01 each	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		5,000,000,000	50,000
		Number of shares in issue	Share capital HK\$'000
Issue and fully paid: At 19 November 2015 (date of incorporation)		—	—
Shares issued on 2 December 2015	(i)	100,000	1
At 31 March 2016		100,000	1

Notes:

- (i) Upon incorporation on 19 November 2015, the authorised share capital of 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.

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 11 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").

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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 40 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 and the aggregate shareholder's loans assigned by Earnest Spot to the Company pursuant to the Reorganisation (note 19) 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 27(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:

	2016	2015
Percentage of equity interest held by non-controlling interests:		
New Rich	40%	40%
Grandwall	40%	40%
	2016 HK\$'000	2015 HK\$'000
Loss for the year allocated to non-controlling interests:		
New Rich	(459)	(4)
Grandwall	(798)	(42)
Accumulated balances of non-controlling interests at the reporting dates:		
New Rich	(474)	(15)
Grandwall	(840)	(42)

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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:

	New Rich HK\$'000	Grandwall HK\$'000
2016		
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
	New Rich HK\$'000	Grandwall HK\$'000
2015		
Revenue	—	—
Total expenses	(10)	(105)
Loss and total comprehensive loss for the year	(10)	(105)
Current assets	445,693	733,275
Current liabilities	2,369	2,515
Non-current liabilities	443,361	730,865
Net cash flows used in operating activities	(432,052)	(712,046)
Net cash flows from investing activities	—	—
Net cash flows from financing activities	433,658	713,308
Net increase in cash and cash equivalents	1,606	1,262

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27. 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"), an associate of WOG, 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	23	(1,101)	(9)	(2)	–	(1,112)
Professional fees and expenses		156,964	28,154	25,042	521,261	731,421
Gains/(losses) on disposal of subsidiaries	5	2,552	37	45	9,720	12,354
		(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

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27. 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 bank balances 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 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 by the Group for a total consideration of HK\$157,552,000. The disposal of the Easy Kingdom was completed on 11 November 2015.
- (b) On 25 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 by the Group for a total consideration of HK\$28,154,000. The disposal of the Good Excellent was completed on 23 December 2015.
- (c) On 25 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 by the Group for a total consideration of HK\$42,199,000. The disposal of the Good Excellent 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 by the Group for a total consideration of HK\$823,685,000. The disposal of the Level Success Group was completed on 15 February 2016.
- (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.

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27. DISPOSAL OF SUBSIDIARIES (Continued)

Year ended 31 March 2016 (Continued)

(ii) (continued)

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 Note	WEH Investment HK\$'000	Kartix Investment HK\$'000	Ventix Investment HK\$'000	Excellence Star Limited HK\$'000	Richly Gold Limited HK\$'000	Total HK\$'000
Net assets disposed of:							
Property, plant and equipment	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 & 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/ (distribution) to the Remaining WOG Gruop	(140)	(6)	(1,174)	13	(55)	3,730	2,368
	–	–	–	–	–	–	–
Satisfied by:							
Cash	–	–	–	–	–	–	–

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 HK\$'000	Kartix Investment HK\$'000	Ventix Investment 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

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28. 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:

	2016 HK\$'000	2015 HK\$'000
Within one year	23,048	20,257
In the second to fifth years, inclusive	20,387	35,054
	43,435	55,311

(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:

	2016 HK\$'000	2015 HK\$'000
Within one year	3,497	–
In the second to fifth years, inclusive	6,890	–
	10,387	–

29. COMMITMENTS

In addition to the operating lease commitments detailed in note 28(b) above, the Group had the following capital commitments at the end of the reporting period:

	2016 HK\$'000	2015 HK\$'000
Contracted, but not provided for:		
Properties under development	127,543	42,757
Investment properties	–	6,981
	127,543	49,738

NOTES TO FINANCIAL STATEMENTS

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30. 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	2016 HK\$'000	2015 HK\$'000
Rental income received from a director of WOG	(i)	800	1,200
Rental income from a subsidiary of WYT	(ii)	10,841	2,084
Rental expense paid to WYT	(ii)	284	—
Management fee expenses paid to the Remaining WOG Group	(iii)	15,957	12,270
Interest paid to WOG	(iv)	10,378	7,084

Notes:

- (i) A property of the Group was leased to a director of WOG at a monthly rental of HK\$100,000 (2015: HK\$100,000). The rental was determined with reference to the prevailing market rates.
 - (ii) The transactions were based on terms mutually agreed between the Group and the related party.
 - (iii) Management fees were paid to a subsidiary of WOG in respect of management services on property development and property investment.
 - (iv) Interest expense paid to WOG in respect of a shareholder loan was charged at 3% per annum.
 - (v) The details of the disposal of Good Excellence and Sunbo to WYT are set out in note 27(i) to the financial statements.
- (b) WOG had given guarantees to banks in respect of the bank loans granted to the Company (note 22). WOG received no consideration for providing these guarantees.

(c) Compensation of key management personnel of the Group

	2016 HK\$'000	2015 HK\$'000
Short term employment benefits	23,965	39,087
Post-employment benefits	118	120
Total compensation paid to key management personnel	24,083	39,207

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

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31. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 31 March 2016 and 2015 are loans and receivables, and financial liabilities at amortised cost, respectively.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, financial assets included in prepayments, deposits and other receivables, financial liabilities included in trade payables, other payables and accruals 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 loans and interest receivables and 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 2016 was assessed to be insignificant.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include other receivables, deposits, trade and other payables, accruals, 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
2016 HK\$ HK\$	100 (100)	(16,494) 16,494
2015 HK\$ HK\$	100 (100)	(21,051) 21,051

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 trade and 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.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

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:

	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 22)	–	–	92,001	152,361	–	244,362
Trade payables (note 20)	–	37,508	–	–	–	37,508
Other payables and accruals (note 21)	–	25,738	7,972	14,001	–	47,711
	48,958	376,293	1,072,019	553,190	–	2,050,460

	2015					
	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)	111,301	599,131	343,206	803,827	355,801	2,213,266
Other loans (note 22)	–	–	–	277,491	–	277,491
Trade payables (note 20)	–	78,135	–	–	–	78,135
Other payables and accruals (note 21)	–	19,439	–	7,581	–	27,020
Loans from WOG (note 19)	352,743	–	–	–	–	352,743
Due to the Remaining WOG Group (note 19)	2,562,449	–	–	–	–	2,562,449
	3,026,493	696,705	343,206	1,088,899	355,801	5,511,104

Note:

Included in interest-bearing bank loans of the Group are term loans with aggregate principal amounts of HK\$48,958,000 and HK\$111,301,000 as at 31 March 2016 and 31 March 2015, 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 2016	43,451	799	2,177	4,013	50,440
31 March 2015	106,582	745	2,097	4,691	114,115

NOTES TO FINANCIAL STATEMENTS

31 March 2016

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 and loans from WOG, less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and non-controlling interests) and the net amount due to the Remaining WOG Group. 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:

	2016 HK\$'000	2015 HK\$'000
Interest-bearing bank and other loans (note 22)	1,893,721	2,340,237
Loans from WOG (note 19)	–	352,743
Less: Cash and cash equivalents (note 18)	(475,831)	(242,388)
 Net debt	 1,417,890	 2,450,592
 Total equity	 2,031,141	 238,483
Add: Due to the Remaining WOG Group	–	2,562,449
Less: Due from the Remaining WOG Group	–	(1,082,807)
 Adjusted capital	 2,031,141	 1,718,125
 Debt-to-adjusted capital	 69.81%	 142.63%

34. EVENT AFTER THE REPORTING PERIOD

On 11 April 2016, the Company completed a share offer of 380,000,000 new shares at the price of HK\$0.92 per share and raise an aggregate gross proceeds of HK\$349,600,000. The shares of the Company were listed on the Main Board of the Stock Exchange on 12 April 2016.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

35. 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:

	2016 HK\$'000
NON-CURRENT ASSET	
Investment in a subsidiary	—
CURRENT ASSETS	
Prepayments, deposits and other receivables	4,425
Amount due from a subsidiary	2,047,988
Cash and cash equivalents	448
Total current assets	2,052,861
CURRENT LIABILITY	
Other payables and accruals	10,740
Amount due to a subsidiary	18,606
Total current liability	29,346
NET CURRENT ASSETS	2,023,515
TOTAL ASSETS LESS CURRENT LIABILITY	2,023,515
Net assets	2,023,515
EQUITY	
Issued capital	1
Reserves (Note)	2,023,514
Total equity	2,023,515

Wong Yiu Hung Gary
Director

Tang Ho Hong
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2016

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

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

	Contributed surplus HK\$'000	Accumulated loss 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 (note 19)	2,047,989	–	2,047,989
At 31 March 2016	2,047,989	(24,475)	2,023,514

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 June 2016.

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%

PROPERTIES HELD FOR SALE

Property name	Location	Units	Estimated approximate gross floor area (sq ft)	Use	Attributable interest of the Group
726 Nathan Road	Nos. 724-726, Nathan Road, Mong Kok, Kowloon	1	2,200	Commercial	100%
Car Parking Spaces in Shatin Centre	Car Parking Spaces on Level 1 of the Podium, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories	89	–	Commercial	100%

PARTICULARS OF PROPERTIES

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	2017	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	N/A	Construction in progress	100%

FOUR YEAR FINANCIAL SUMMARY

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

RESULTS

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

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2016 HK\$'000	31 March		
		2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
TOTAL ASSETS	4,075,669	5,901,774	4,197,391	3,867,410
TOTAL LIABILITIES	(2,044,528)	(5,663,291)	(3,938,230)	(3,783,168)
NON-CONTROLLING INTERESTS	1,314	57	312	–
	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.