



Wang On Properties Announces 2019/20 Annual Results

Fortify core business to achieve sustainable results

Financial Highlights

	For the Year Ended 31 March		Change (%)
	2019/20 (HK\$'000)	2018/19 (HK\$'000)	
Revenue	2,372,000	2,832,000	-16%
Gross profit	1,079,000	1,149,000	-6%
Profit attributable to owners of the parent company	457,000	500,000	-9%
Basic earnings per share (HK cents)	3.01	3.29	-9%

(29 June 2020, Hong Kong) – **Wang On Properties Limited** (“Wang On Properties” or the “Company”, together with its subsidiaries, collectively the “Group”; stock code: 1243) is pleased to announce its annual results for the year ended 31 March 2020 (“The Year Under Review”). The Group’s revenue for The Year Under Review amounted to approximately HK\$2,372.1 million (2019: approximately HK\$2,831.8 million). This was mainly attributable to completion and delivery of The Met. Acappella (the site at No. 7838 Tai Po Road – Tai Wai). Profit attributable to owners of the parent for the year was approximately HK\$457.3 million (2019: approximately HK\$500.3 million). The reduced profit was mainly attributable to the increase in fair value losses on investment properties. The Board has recommended the payment of a final dividend of HK0.72 cent (2019: a final dividend of HK0.70 cent and a special dividend of HK0.945 cent) per ordinary share.

Business Review

Property Development

During the year, revenue recognised in this business segment amounted to approximately HK\$2,369.6 million (2019: approximately HK\$2,827.0 million) which was contributed mainly by completion and delivery of The Met. Acappella. As at the date of the final results announcement of the Company for The Year Under Review (the “Results Announcement”), all units of this property development project were sold.

The Group together with CIFI Holdings (Group) Co. Ltd. has been launched a luxury residential series branded “NOUVELLE”, by unveiling the first project “maya”, located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong since March 2019. As at the date of the Results Announcement, 253 out of 309 units released were sold and the

contracted sales amounted to approximately HK\$2.9 billion. The project is undergoing the construction of the superstructure and is expected to be delivered this year. The Group owns 50% equity interest in this property development project and is responsible for the project management.

The Group's Whitehead project (No. 11 Yiu Sha Road, Ma On Shan) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely "Altissimo" was launched in December 2018. As at the date of the Results Announcement, 429 out of 534 units released were sold and the contracted sales amounted to approximately HK\$3.7 billion. The occupation permit of this project was granted and is expected to be delivered this year. The Group owns 40% equity interest in this property development project.

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

The new "The Met." project located at Tsing Yi Town Lot No. 192, at the junction of Liu To Road and Hang Mei Street, Tsing Yi is undergoing the superstructure work. The land is situated within a developed community with comprehensive amenities, including large shopping malls such as Maritime Square, as well as Tsing Yi Park, Tsing Yi Sports Ground and Tsing Yi Swimming Pool, that can provide a wide variety of leisure and shopping choices for residents. It also has the convenience of easy accessibility, being only within several minutes ride to Tsing Yi MTR Station, and is also connected with major highways, including Tsing Ma Bridge, Tai Lam Tunnel, Ting Kau Bridge of Tuen Mun Road. The project occupies approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. It can be used for both commercial and residential development and is designed to provide a public transportation terminal (minibus station).

The Group is always exploring different channels to increase its land banks. During the year, the Group has acquired two urban redevelopment projects with over 80% (less than 100%) ownerships secured. Their ownership are expected to be consolidated by applications to the court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance" (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development. The total site area and attributable gross floor area upon redevelopment are approximately 16,000 square feet and 143,000 square feet, respectively.

Asset Management

As at 31 March 2020, 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\$654.1 million (31 March 2019: approximately HK\$809.5 million). During the year, the Group received gross rental income of approximately HK\$3.7 million (2019: approximately HK\$8.2 million), representing a decrease of approximately HK\$4.5 million

over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 24 January 2019, the Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. On 29 April 2019, the Group has disposed 50% equity interest in this property investment project to an independent third party. Completion of the acquisition took place on 16 May 2019. The Group has refurbished the property and improved the tenant mix, and the rental yield is therefore enhanced. As at the date of this announcement, this investment property is fully let.

On 30 April 2019, the Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and shareholder’s loan of Pearl Limited at a consideration of HK\$780.0 million. Pearl Limited is the sole shareholder of Hermitage Investments Limited, which is the registered owner of the commercial accommodation of the complex named “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. The transaction completed on 4 July 2019. Part of this investment property is refurbishing to enhance tenant mix and rental yield. As at the date of this announcement, the occupancy rate is over 70%.

In June 2019, the Group has completed the acquisition of an investment property as Shop D, G/F, On Ning Building, Nos. 47-55 Ma Tau Kok Road, Ma Tau Kok, Kowloon in a consideration of HK\$62.3 million from an independent third party. The property was renovated to enhance the rental yield.

Prospects

The continuation of the US-China trade disputes and outbreak of coronavirus cloud the prospect of the economy. Majority of the investors and end-users are expected to keep cautious.

The market would expect the corporate closure and unemployment rate to escalate and retail-related industries are amongst the hardest-hit zones. The Group has offered rent concessions to tenants whose businesses are in distress and is coping with the difficult times with them.

For the residential market, the adjustment on the threshold of loan-to-value ratio of the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation and lowering of interest rate is expected to release the purchasing power in the market. The number of recorded sales in May has rebounded from first quarter of 2020 and the Group is cautiously optimistic on the development of residential properties.

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The Group has achieved approximately HK\$3.1 billion contracted sales of residential properties as at the date of this announcement. It secures and stabilizes the revenue and development of the Group in the coming years. To continue the growth momentum, the Group replenishes the land bank and investment properties strenuously. In addition to public tender, the Group is also seeking for opportunities in old building acquisition and land use conversion.

Looking forward, **Mr Chan Chun Hong, Non-executive Chairman of Wang On Properties**, said, “It is expected the economy in Hong Kong will be subjected to uncertainties and the local property business will under challenges this year. However, we look forward to the economic growth of mainland after the epidemic and bring opportunities to Hong Kong. The Group will monitor the changes, risks and assets closely, and continues to capture every opportunity for its development and aims to achieve solid returns to our shareholders.”

Mr Tang Ho Hong, Acting Chief Executive Officer of Wang On Properties, added, “The Group will pay close attention to the changes in market and capture opportunities. In response to the changes in market, we will strive for shareholders' ideal capital gains and investment returns. The Group will also develop various types of properties in light of the respective supply of and demand for housing in different regions.

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About Wang On Properties

Wang On Properties, a property developer in Hong Kong, was incorporated on 19 November 2015. Prior to completion of the reorganisation and the spin-off under separate listing, Wang On Properties was a wholly-owned subsidiary of Wang On Group Limited. The property investment segment of Wang On Properties can be traced back to 1997, while its property development business began in 2004. At present, Wang On Properties has established “The Met.” brand in Hong Kong, with a broad range of properties for development and investment. Leveraging the solid foundation of its parent company Wang On Group Limited, the Group is well received by residents and investors with positive reputation. Wang On Properties was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 April 2016.

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