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## WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

<b>INTERIM FINANCIAL HIGHLIGHTS</b>			
	<b>Six months ended</b>		<b>Change</b>
	<b>2020</b>	<b>2019</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$ million</b>	<b>HK\$ million</b>	
Revenue	<b>250</b>	2,224	-89%
Gross Profit	<b>117</b>	967	-88%
Profit attributable to owners of the parent	<b>72</b>	579	-88%
Earnings per share ( <i>HK cents</i> )			
Basic and diluted	<b>0.47</b>	3.81	-88%
	<b>As at</b>	<b>As at</b>	<b>Change</b>
	<b>30 September</b>	<b>31 March</b>	
	<b>2020</b>	<b>2020</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$ million</b>	<b>HK\$ million</b>	
Net asset value	<b>4,646</b>	4,716	-1%
Net asset value per share ( <i>HK\$</i> )	<b>0.306</b>	0.310	-1%

## INTERIM RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Wang On Properties Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is pleased to announce the unaudited interim condensed consolidated results of the Group for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019. This unaudited interim condensed consolidated financial information was not audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2020

		Six months ended	
		30 September	
		2020	2019
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>250,292</b>	2,223,937
Cost of sales		<u>(133,172)</u>	<u>(1,256,680)</u>
Gross profit		<b>117,120</b>	967,257
Other income and gains, net	4	<b>80,992</b>	29,561
Selling and distribution expenses		<b>(47,612)</b>	(176,831)
Administrative expenses		<b>(46,091)</b>	(65,256)
Reversal of impairment losses on debt investments at fair value through other comprehensive income		<b>5,768</b>	–
Finance costs	5	<b>(40,890)</b>	(48,812)
Fair value losses on investment properties, net		<b>(9,745)</b>	(38,691)
Fair value losses on derivative financial instruments		<b>(16,547)</b>	–
Share of profits of joint ventures		<b>49,418</b>	49,554
<b>PROFIT BEFORE TAX</b>	6	<b>92,413</b>	716,782
Income tax expenses	7	<b>(19,304)</b>	(138,028)
<b>PROFIT FOR THE PERIOD</b>		<b>73,109</b>	578,754

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	<b>9,421</b>	(187)
Reclassification adjustments for debt investments disposed of during the period	<b>(4,509)</b>	–
Reclassification adjustments for reversal of impairment losses included in profit or loss	<b>(5,645)</b>	–
	<u><b>(733)</b></u>	<u>(187)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(733)</b></u>	<u>(187)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>72,376</b></u>	<u>578,567</u>
Profit attributable to:		
Owners of the parent	<b>71,856</b>	579,330
Non-controlling interests	<b>1,253</b>	(576)
	<u><b>73,109</b></u>	<u>578,754</u>
Total comprehensive income attributable to:		
Owners of the parent	<b>71,123</b>	579,143
Non-controlling interests	<b>1,253</b>	(576)
	<u><b>72,376</b></u>	<u>578,567</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<b>8</b>	
Basic and diluted	<u><b>HK0.47 cent</b></u>	<u>HK3.81 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2020

	<i>Note</i>	30 September 2020 (Unaudited) <i>HK\$'000</i>	31 March 2020 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		115,158	121,958
Investment properties		621,200	654,100
Properties under development		2,277,847	1,475,902
Investments in joint ventures		2,035,952	1,873,040
Debt investments at fair value through other comprehensive income		77,154	315,210
Financial assets at fair value through profit or loss		13,871	13,871
Prepayments, other receivables and other assets		387,461	440,038
		5,528,643	4,894,119
<b>CURRENT ASSETS</b>			
Properties under development		2,106,706	2,001,086
Properties held for sale		712,958	842,357
Debt investments at fair value through other comprehensive income		128,895	–
Loan receivables		65,424	52,371
Prepayments, other receivables and other assets		150,220	80,170
Cost of obtaining contracts		11,000	1,360
Tax recoverable		9,197	13,327
Cash and cash equivalents		594,343	853,619
		3,778,743	3,844,290
<b>CURRENT LIABILITIES</b>			
Trade payables	10	47,385	33,433
Other payables and accruals		78,470	75,324
Derivative financial instruments		19,879	4,401
Deposits received and receipts in advance		11,995	12,004
Contract liabilities		4,210	20,955
Interest-bearing bank and other loans		1,091,289	1,093,677
Tax payable		159,400	299,763
		1,412,628	1,539,557
<b>NET CURRENT ASSETS</b>		<b>2,366,115</b>	<b>2,304,733</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,894,758</b>	<b>7,198,852</b>

	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Other payables	<b>3,983</b>	6,441
Interest-bearing bank and other loans	<b>3,244,068</b>	2,475,505
Deferred tax liabilities	<b>659</b>	994
	<hr/>	<hr/>
Total non-current liabilities	<b>3,248,710</b>	2,482,940
	<hr/>	<hr/>
Net assets	<b>4,646,048</b>	4,715,912
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<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>15,200</b>	15,200
Reserves	<b>4,619,748</b>	4,658,065
	<hr/>	<hr/>
	<b>4,634,948</b>	4,673,265
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>11,100</b>	42,647
	<hr/>	<hr/>
Total equity	<b>4,646,048</b>	4,715,912
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2020

## 1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial information is consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties, derivative financial instruments, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial information:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Except for the amendments to HKFRS 9, HKAS 39 and HKFRS 7, which are not relevant to the preparation of the Group's financial information, the nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial information make on the basis of this financial information. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

### **3. OPERATING SEGMENT INFORMATION**

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

- (a) the property development segment engages in the development of properties; and
- (b) the property investment segment engages in investment in commercial and industrial premises for rental or for sale.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs and head office and corporate expenses are excluded from such measurement.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the six months ended 30 September 2020 and 2019, and the non-current assets of the Group were located in Hong Kong as at 30 September and 31 March 2020.

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

### Reportable segment information

Six months ended 30 September

	Property development		Property investment		Total	
	2020	2019	2020	2019	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	245,374	2,222,768	4,918	1,169	250,292	2,223,937
Other revenue	16,895	7,115	34,342	1,176	51,237	8,291
Total	<u>262,269</u>	<u>2,229,883</u>	<u>39,260</u>	<u>2,345</u>	<u>301,529</u>	<u>2,232,228</u>
Segment results	<u>55,777</u>	<u>768,724</u>	<u>82,320</u>	<u>13,293</u>	<u>138,097</u>	<u>782,017</u>
<i>Reconciliation:</i>						
Interest income from bank deposits					2,171	10,457
Interest income from loan receivables					3,041	10,584
Interest income from debt investments at fair value through other comprehensive income					19,455	229
Fair value losses on derivative financial instruments					(16,547)	–
Reversal of impairment losses on debt investments at fair value through other comprehensive income					5,768	–
Gains on disposal of debt investments at fair value through other comprehensive income					5,088	–
Finance costs					(40,890)	(48,812)
Corporate and unallocated expenses					(23,770)	(37,693)
Profit before tax					92,413	716,782
Income tax expenses					(19,304)	(138,028)
Profit for the period					<u>73,109</u>	<u>578,754</u>



#### 4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Revenue</b>		
<i>Revenue from contracts with customers</i>		
Sale of properties	245,374	2,221,540
<i>Revenue from another source</i>		
Rental income	4,918	2,397
	<u>250,292</u>	<u>2,223,937</u>

##### Revenue from contracts with customers

##### (i) Disaggregated revenue information

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

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>17,346</u>	<u>1,949,121</u>

(ii) *Performance obligations*

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

*Sale of properties*

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

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>70,410</b>	112,060

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other income and gains, net</b>		
Interest income from bank deposits	<b>2,171</b>	10,457
Interest income from loan receivables	<b>3,041</b>	10,584
Interest income from financial assets at fair value through other comprehensive income	<b>19,455</b>	229
Forfeiture of deposits from customers	<b>4,050</b>	–
Gains on disposal of subsidiaries	<b>30,800</b>	–
Gains on disposal of debt investments at fair value through other comprehensive income	<b>5,088</b>	–
Management fee income	<b>8,143</b>	5,305
Others	<b>8,244</b>	2,986
	<b>80,992</b>	29,561

**5. FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank and other loans	<b>63,647</b>	81,817
Interest expenses arising from revenue contracts	–	972
Interest portion of lease liabilities	<b>182</b>	105
Total interest expense on financial liabilities not at fair value through profit or loss	<b>63,829</b>	82,894
Less: Interest capitalised	<b>(22,939)</b>	(34,082)
	<b>40,890</b>	48,812

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of properties sold	130,881	1,255,554
Depreciation of owned assets	3,186	4,782
Depreciation of right-of-assets	3,979	1,008
Loss on disposal of an investment property	–	2,700
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	2,291	1,126
Lease payments not included in the measurement of lease liabilities	–	1,451
	<u>139,257</u>	<u>1,265,517</u>

*Note:*

Wage subsidies of HK\$2,633,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to August 2020 have been received during the six months ended 30 September 2020. The amount was recognised in “Administrative expenses” and had been offset with the employee benefit expenses.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	19,352	115,052
Deferred	(48)	22,976
	<u>19,304</u>	<u>138,028</u>
Total tax expense for the period	<u>19,304</u>	<u>138,028</u>

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

The calculation of basic earnings per share for the six months ended 30 September 2020 is based on the profit for the period attributable to owners of the parent of HK\$71,856,000 (six months ended 30 September 2019: HK\$579,330,000) and the weighted average number of ordinary shares of 15,200,000,000 (six months ended 30 September 2019: 15,200,000,000).

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 9. DIVIDENDS

	Six months ended 30 September	
	2020	2019
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Special dividend paid — Nil (2019: HK0.945 cent per ordinary share)	—	143,640
Final dividend paid — HK0.72 cent (2019: HK0.70 cent) per ordinary share	<b>109,440</b>	106,400
	<b>109,440</b>	250,040

## 10. TRADE PAYABLES

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

	30 September	31 March
	2020	2020
	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Within 30 days	<b>47,385</b>	33,433

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's revenue for the six months ended 30 September 2020 amounted to approximately HK\$250.3 million (six months ended 30 September 2019: approximately HK\$2,223.9 million). Profit attributable to owners of the parent for the reporting period was approximately HK\$71.9 million (six months ended 30 September 2019: approximately HK\$579.3 million). The decrease in revenue and profit was mainly due to some of the Group's existing projects under development are expected to complete in the second half of the financial year 2021. The review of the individual business segments of the Group is set out below.

#### **Property Development**

Revenue recognised in this business segment during the reporting period amounted to approximately HK\$245.4 million (six months ended 30 September 2019: approximately HK\$2,222.8 million) which is mainly attributable to the delivery of the remaining stocks of The Met. Acappella.

The Group together with CIFI Holdings (Group) Co. Ltd. (“**CIFI**”) have launched a luxury residential brand series “NOUVELLE”, by unveiling the first project named “maya” on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong in March 2019. The architectural design, interior layout and ancillary facilities are promising the needs of those pursuing elegant and quality lifestyle. As at the date of this announcement, 266 of the 308 units released have been sold and the aggregated contracted sales amount was approximately HK\$3.1 billion. The certificate of compliance was issued in October 2020 and handover to buyers is undergoing. The Group owns 50% equity interest in this development project and is responsible for the project management.

The Group's Whitehead project (No.11 Yiu Sha Road, Ma On Shan), “Altissimo”, which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, has been launched in December 2018. As at the date of this announcement, 472 of the 547 units released have been sold and the aggregated contracted sales amount was approximately to HK\$4.4 billion. The certificate of compliance was issued in October 2020 and handover to buyers is undergoing. The Group owns 40% equity interest in this development project.

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

For the new “The Met.” project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192), the superstructure work is undergoing. 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 within several minutes’ ride to Tsing Yi MTR Station, and is also connected with major highways, including Tsing Ma Bridge, Tai Lam Tunnel, and Ting Kau Bridge of Tuen Mun Road. The project occupies approximately 14,400 square feet of site area 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 has commenced the application of pre-sale consent and it is expected that the pre-sale will be taken place next year.

In July 2020, the Group successfully acquired a new redevelopment site in Ap Lei Chau (Nos.120–126, Main Street, Ap Lei Chau). The total attributable gross floor area upon redevelopment is approximately 37,100 square feet. The demolition work is expected to commence in the first quarter next year.

In October 2020, the Group and CIFI formed a new joint venture group (the “**JV Group**”), in which CIFI and the Group own 60% and 40% equity interest, respectively. The JV Group entered into sale and purchase agreements with two independent third parties to acquire two sites on King’s Road in Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 20,800 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King’s Road are positioned at a convenient location within only a few minutes’ walking distance to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. The acquisition is expected to be completed in January 2021.

The Group is currently in possession of four urban redevelopment projects with over 80% ownerships secured. All projects have been proceeded to court for compulsory sales 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 to the consolidation of the ownership for development. The total attributable gross floor area upon redevelopment is approximately 237,000 square feet.

As at 31 October 2020, the Group had a development land portfolio as follows:

<b>Location</b>	<b>Approximate site area (Square feet)</b>	<b>Approximate gross floor area (Square feet)</b>	<b>Intended usage</b>	<b>Anticipated year of completion</b>	<b>Interest attributable to the Group</b>
No.8 Shung Shan Street and No.15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
No.11 Yiu Sha Road, Ma On Shan	253,000	388,000	Residential	2020	40%
Nos.86A–86D Pokfulam Road	28,500	28,500	Residential	2022	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%
Nos.120–126, Main Street, Ap Lei Chau	3,600	37,100	Residential and Commercial	2024	100%

### **Property Investment**

As at 30 September 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\$621.2 million (31 March 2020: approximately HK\$654.1 million).

During the period under review, the Group received gross rental income of approximately HK\$4.9 million (six months ended 30 September 2019: approximately HK\$2.4 million). The increase in gross rental income was primarily attributable to the newly leased out of several properties during the reporting period.

On 24 January 2019, the Group successfully won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. On 29 April 2019, the Group disposed of 50% equity interest in this investment project to an independent third party. The completion of the acquisition was completed on 16 May 2019. Details of the transaction were set out in the joint announcement published by the Company and Wang On Group Limited (“WOG”) on 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019. The Group has refurbished the property and advanced the tenant mix, the rental yield is enhanced. As at the date of this announcement, this investment project 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 for a total consideration of HK\$780.0 million. In June 2019, the Group disposed of 50% equity interest in this investment project to an independent third party and formed a joint venture group with such independent third party. 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 acquisition was completed on 4 July 2019. Details of the transactions were set out in the joint announcement published by the Company and WOG dated 1 May 2019 and 21 June 2019 respectively. As at the date of this announcement, the occupancy rate of this investment property is over 80%.

The Group will keep looking for opportunities to expand its investment properties portfolio to secure the recurring income and capital appreciation.

Reference is also made to the prospectus of the Company dated 30 March 2016, in which it was stated that as at 21 March 2016, the parent company and its subsidiaries (excluding the Group) owned a total of 48 residential investment properties ("**Excluded Properties**") which were not injected into the Group as part of the spin-off listing of the Company in April 2016. The Company has been informed by WOG that 39 out of these 48 Excluded Properties had been sold as of 24 November 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2020, the Group's total assets less current liabilities were approximately HK\$7,894.8 million (31 March 2020: approximately HK\$7,198.9 million) and the current ratio was approximately 2.7 times as at 30 September 2020 (31 March 2020: approximately 2.5 times). As at 30 September 2020, the Group had cash and cash equivalents of approximately HK\$594.3 million (31 March 2020: approximately HK\$853.6 million).

Aggregate bank borrowings as at 30 September 2020 amounted to approximately HK\$4,133.1 million (31 March 2020: approximately HK\$3,370.2 million). The gearing ratio was approximately 76.3% (31 March 2020: approximately 53.9%), 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 30 September 2020, the Group's property, plant and equipments, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$86.2 million, HK\$585.2 million, HK\$3,572.3 million and HK\$660.0 million (31 March 2020: approximately HK\$87.9 million, HK\$633.1 million, HK\$3,448.4 million and HK\$660.0 million) were pledged to secure the Group's general banking facilities.

The Group's capital commitments as at 30 September 2020 amounted to approximately HK\$695.9 million (31 March 2020: approximately HK\$486.7 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$181.6 million (31 March 2020: approximately HK\$251.4 million). The Group has given guarantee to banks in connection with facilities granted to the two joint ventures up to HK\$890.7 million (31 March 2020: 1,617.6 million) and were utilised to the extent of HK\$309.2 million (31 March 2020: 1,090.5 million). The Group had no significant contingent liabilities as at the end of the reporting period.



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

## DEBT PROFILE AND FINANCIAL PLANNING

As at 30 September 2020, interest-bearing debt profile of the Group was analysed as follows:

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Bank loans repayable:		
Repayable on demand or within one year	<b>1,091,289</b>	1,093,677
In the second year	<b>996,290</b>	1,039,056
In the third to fifth years, inclusive	<b>2,045,508</b>	1,237,479
	<b>4,133,087</b>	3,370,212
Other loans repayable:		
In the second year	<b>202,270</b>	–
In the third to fifth years, inclusive	–	198,970
	<b>4,335,357</b>	3,569,182

The effective interest rate of bank loans is approximately 2.2% (31 March 2020: 3.7%) per annum and other loans carries at a fixed interest rate 6.0% (31 March 2020: 6%) per annum.

## TREASURY POLICY

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

The Group has entered into interest rate swap contracts for the purpose of converting part of the Group's borrowings from floating rates into fixed interest rate in order to mitigate the interest rate risk.

## FOREIGN EXCHANGE

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

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

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group had 137 (31 March 2020: 126) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group provides discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the “Mandatory Provident Fund Schemes Ordinance” (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

## **PROSPECTS**

Hong Kong real GDP fell notably by 9.0% year-on-year in the second quarter of 2020, following the record decline of 9.1% in the preceding quarter. The continuation of COVID-19 pandemic and global uncertainties hinder the economy recovery.

Nevertheless, in view of the current low interest rate environment and a series of relief measures launched by the Hong Kong government to support enterprises and safeguard jobs, the residential property sector is expected to remain resilient over the long term.

The Group has achieved approximately HK\$3.3 billion contracted sales amount of residential properties as at the date of this announcement. It secures and stabilizes the profit and development of the Group.

Both the economy and property business in Hong Kong are expected to be challenging this year. The Group will continue to monitor the market changes closely whilst keep looking for opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2020.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2020.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial information for the six months ended 30 September 2020 of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT**

The interim results announcement is published on the websites of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.woproperties.com](http://www.woproperties.com)). The 2020 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**WANG ON PROPERTIES LIMITED**  
宏安地產有限公司  
**CHAN CHUN HONG**  
*Chairman*

Hong Kong, 24 November 2020

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