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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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL FINANCIAL HIGHLIGHTS			
	For the year ended 31 March 2021 HK\$ million	For the year ended 31 March 2020 HK\$ million	Change
Revenue	315	2,372	-87%
Gross profit	167	1,079	-85%
Profit attributable to owners of the parent	467	457	+2%
Earnings per share (<i>HK cents</i>)			
Basic	3.07	3.01	+2%
Diluted	3.07	3.01	+2%
Dividend per share (<i>HK cent</i>)			
Final	0.74	0.72	3%
Special	–	–	–
	As at 31 March 2021 HK\$ million	As at 31 March 2020 HK\$ million	Change
Net asset value	5,034	4,716	+7%
Net asset value per share (<i>HK\$</i>)	0.331	0.310	+7%

RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Wang On Properties Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the previous financial year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	4	314,806	2,372,090
Cost of sales		<u>(147,873)</u>	<u>(1,293,082)</u>
Gross profit		166,933	1,079,008
Other income and gains, net	4	129,042	78,959
Selling and distribution expenses		(64,228)	(215,524)
Administrative expenses		(106,924)	(136,082)
Reversal of impairment losses/(impairment losses) on financial assets		6,171	(8,396)
Finance costs	6	(77,473)	(94,521)
Fair value losses on investment properties, net		(64,441)	(89,199)
Fair value gains on financial assets at fair value through profit or loss, net		2,490	2,017
Fair value losses on derivative financial instruments		(20,392)	(4,401)
Write-down of properties under development		–	(3,842)
Write-down of properties held for sale		(80,000)	(9,663)
Share of profits of joint ventures		<u>585,783</u>	<u>18,830</u>
PROFIT BEFORE TAX	5	476,961	617,186
Income tax expenses	7	<u>(8,784)</u>	<u>(145,308)</u>
PROFIT FOR THE YEAR		<u>468,177</u>	<u>471,878</u>

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		3,007	(3,623)
Reclassification adjustments for gains/losses included in profit or loss			
– gain on disposal		(4,509)	–
– (reversal of impairment losses)/impairment losses		(6,051)	8,241
		<hr/>	<hr/>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(7,553)	4,618
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		(7,553)	4,618
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		460,624	476,496
		<hr/>	<hr/>
Profit attributable to:			
Owners of the parent		466,745	457,320
Non-controlling interests		1,432	14,558
		<hr/>	<hr/>
		468,177	471,878
		<hr/>	<hr/>
Total comprehensive income attributable to:			
Owners of the parent		459,192	461,938
Non-controlling interests		1,432	14,558
		<hr/>	<hr/>
		460,624	476,496
		<hr/>	<hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	HK3.07 cents	HK3.01 cents
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		102,484	121,958
Investment properties		571,200	654,100
Properties under development		1,594,960	1,475,902
Investments in joint ventures		2,207,545	1,873,040
Debt investments at fair value through other comprehensive income		108,898	315,210
Financial assets at fair value through profit or loss		42,565	13,871
Loan and interest receivables		24,531	–
Prepayments, other receivables and other assets		285,367	440,038
		<hr/>	<hr/>
Total non-current assets		4,937,550	4,894,119
CURRENT ASSETS			
Properties under development		3,326,177	2,001,086
Properties held for sale		605,436	842,357
Loan and interest receivables		31,940	52,371
Prepayments, other receivables and other assets		250,108	80,170
Cost of obtaining contracts		1,241	1,360
Tax recoverable		4,400	13,327
Cash and cash equivalents		826,503	853,619
Debt investments at fair value through other comprehensive income		207,070	–
Financial assets at fair value through profit or loss		12,648	–
		<hr/>	<hr/>
Total current assets		5,265,523	3,844,290
CURRENT LIABILITIES			
Trade payables	<i>10</i>	29,278	33,433
Other payables and accruals		91,998	87,328
Derivate financial instruments		5,356	4,401
Contract liabilities		1,510	20,955
Interest-bearing bank and other borrowings		1,953,857	1,093,677
Tax payable		126,509	299,763
		<hr/>	<hr/>
Total current liabilities		2,208,508	1,539,557

	<i>Note</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT ASSETS		<u>3,057,015</u>	<u>2,304,733</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,994,565</u>	<u>7,198,852</u>
NON-CURRENT LIABILITIES			
Other payables		1,480	6,441
Derivative financial instruments		12,874	–
Interest-bearing bank and other borrowings		2,945,349	2,475,505
Deferred tax liabilities		566	994
Total non-current liabilities		<u>2,960,269</u>	<u>2,482,940</u>
Net assets		<u>5,034,296</u>	<u>4,715,912</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		15,200	15,200
Reserves		5,007,817	4,658,065
		<u>5,023,017</u>	<u>4,673,265</u>
Non-controlling interests		<u>11,279</u>	<u>42,647</u>
Total equity		<u>5,034,296</u>	<u>4,715,912</u>

NOTES TO FINANCIAL STATEMENTS

1. 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 (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, 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 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 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

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>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) 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.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) 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 statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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

The Group’s revenue from external customers was derived solely from its operations in Hong Kong during the years ended 31 March 2021 and 2020, and the non-current assets of the Group were located in Hong Kong as at 31 March 2021 and 2020.

Year ended 31 March

	Property development		Property investment		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sales to external customers	301,260	2,369,633	13,546	2,457	314,806	2,372,090
Other income	43,710	23,871	38,424	5,473	82,134	29,344
Total	344,970	2,393,504	51,970	7,930	396,940	2,401,434
Segment results	563,845	801,481	(8,731)	(64,413)	555,114	737,068
<i>Reconciliation</i>						
Interest income from bank deposits					2,478	17,901
Interest income from loan receivables					4,595	18,561
Interest income from debt investments at fair value through other comprehensive income					34,747	13,153
Gain on disposal of debt investments at fair value through other comprehensive income					5,088	–
Fair value losses on derivative financial instruments					(20,392)	(4,401)
Fair value gains on financial asset at fair value through profit or loss					2,490	2,017
Reversal of/(impairment losses) on loan and interest receivables					120	(155)
Reversal of/(impairment losses) on debt investments at fair value through other comprehensive income					6,051	(8,241)
Finance costs					(77,473)	(94,521)
Corporate and unallocated expenses					(35,857)	(64,196)
Profit before tax					476,961	617,186
Income tax expense					(8,784)	(145,308)
Profit for the year					468,177	471,878

4. REVENUE AND OTHER INCOME AND GAINS, NET

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of properties	301,260	2,368,405
<i>Revenue from other source</i>		
Rental income	<u>13,546</u>	<u>3,685</u>
	<u>314,806</u>	<u>2,372,090</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

All revenue from contracts with customers is 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	<u>16,905</u>	<u>1,949,877</u>

(ii) *Performance obligations*

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

Sales of properties

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>13,082</u>	<u>249,451</u>

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within two years. All the other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income and gains, net		
Interest income from bank deposits	2,478	17,901
Interest income from loan receivables	4,595	18,561
Interest income from debt investments at fair value through other comprehensive income	34,747	13,153
Forfeiture of deposits from customers	4,050	2,254
Management fee income	29,159	15,186
Gains on disposals of subsidiaries	30,688	–
Gains on disposal of debt investments at fair value through other comprehensive income	5,088	–
Others	<u>18,237</u>	<u>11,904</u>
	<u>129,042</u>	<u>78,959</u>

5. PROFIT BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of properties sold	146,048	1,291,139
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	1,825	1,943
Depreciation of owned assets	9,758	6,424
Depreciation of right-of-use assets	7,958	6,547
Loss on disposal of an investment property	–	2,700
Loss on disposal of subsidiaries, net	–	1,389
(Reversal of impairment losses)/impairment losses on debt investments at fair value through other comprehensive income	(6,051)	8,241
(Reversal of impairment losses)/impairment losses on loan and interest receivables	(120)	155
Fair value losses/(gains), net:		
Derivative financial instruments	20,392	4,401
Financial assets at fair value through profit or loss	(2,490)	(2,017)
Lease payments not included in the measurement of lease liabilities	–	1,451
Auditor's remuneration	3,020	3,000
Employee benefit expense:		
Wages and salaries*	64,345	89,110
Pension scheme contributions	1,374	1,327
Less: Amount capitalised	(6,839)	(7,493)
	<u>58,880</u>	<u>82,944</u>

- * Wage subsidies of HK\$5,274,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 had been received during the year ended 31 March 2021. Approximately HK\$5,274,000 was recognised in "Administrative expenses" and had been offset with the employee benefit expenses. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There are no unfulfilled conditions or contingencies relating to this grant.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank and other borrowings	121,769	160,804
Interest expenses arising from revenue contracts	–	972
Interest on lease liabilities	322	329
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	122,091	162,105
Less: Interest capitalised	(44,618)	(67,584)
	<hr/>	<hr/>
	77,473	94,521
	<hr/>	<hr/>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	14,416	123,603
Overprovision in prior years	(5,492)	(870)
	<hr/>	<hr/>
	8,924	122,733
Deferred	(140)	22,575
	<hr/>	<hr/>
Total tax charge for the year	8,784	145,308
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8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final dividend – HK0.74 cent (2020: HK0.72 cent) per ordinary share	<u>112,480</u>	<u>109,440</u>
	<u>112,480</u>	<u>109,440</u>

The final dividend proposed subsequent to the reporting period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company and have not been recognised as liabilities at the end of the reporting period.

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

The calculation of basic earnings per share for the year ended 31 March 2021 is based on the profit for the year attributable to owners of the parent of HK\$466,745,000 (2020: HK\$457,320,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2020: 15,200,000,000).

No adjustment has been made to the basic earnings per share presented for the years ended 31 March 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during those periods.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	<u>29,278</u>	<u>33,433</u>

The trade payables are non-interest-bearing and have an average term of 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2021, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$314.8 million (2020: approximately HK\$2,372.1 million) and approximately HK\$466.7 million (2020: approximately HK\$457.3 million), respectively. The profit for the year was mainly attributable to the completion and delivery of jointly developed property projects and share of profits recognized from joint ventures. In the last year financial year, the revenue and profit was mainly contributed by a wholly owned property development project, The Met. Acappella.

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.74 cent (2020: a final dividend of HK0.72 cent) per ordinary share for the year ended 31 March 2021 to shareholders whose names appear on the register of members of the Company as of Friday, 3 September 2021. The final dividend will be paid on or around Tuesday, 14 September 2021, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 25 August 2021.

BUSINESS REVIEW

Property Development

Revenue recognized in this business segment during the year amounted to approximately HK\$301.3 million (2020: approximately HK\$2,369.6 million) which was mainly attributable to the delivery of the remaining stocks of The Met. Acappella.

In the second half of financial year 2021, two joint venture projects, namely maya and Altissimo were completed and handed over to buyers, and net profit of approximately HK\$569.1 million was recognized.

“maya”, which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by the Group together with CIFI Holdings (Group) Co. Ltd (“CIFI”). As at the date of this announcement, 294 out of 326 units have been sold and 269 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$3.6 billion and approximately HK\$3.2 billion, respectively. The Group owns 50% equity interest in this development project and is responsible for project management.

The Group’s Whitehead project (No.11 Yiu Sha Road, Ma On Shan), “Altissimo”, is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at the date of this announcement, 505 of the 547 units have been sold and 474 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$5.3 billion and approximately HK\$4.4 billion, respectively. The Group owns 40% equity interest in this development project.

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) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. It is situated in an easy-accessed location, within only a several-minutes ride from the Tsing Yi MTR Station, and is also connected with major highways, including the Tsing Ma Bridge, the Tai Lam Tunnel, and the Ting Kau Bridge of Tuen Mun Road. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and specific-designed units. The Group believes The Met. Azure can meet different demands of single people, young families, and investors. It is expected that the pre-sale will be taken place in the third quarter this year.

In January 2021, the Group has successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui through compulsory sales. The gross floor area is approximately 61,500 square feet and the site is currently under demolition work.

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 has acquired 101-111 King’s Road, Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 12,400 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’ walk to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. Demolition work is expected to be commenced in year end.

In July 2020, the Group successfully acquired a new redevelopment site in Ap Lei Chau (Nos.120–126, Main Street, Ap Lei Chau). The site is adjacent to MTR Lei Tung Station with convenient and fast access to the South Island Line which travels to and from central business districts in Hong Kong and Kowloon. The total attributable gross floor area upon redevelopment is approximately 37,100 square feet. Foundation work is currently undergoing at the site.

In April 2018, an indirect non wholly-owned subsidiary of the Group, has completed the acquisition of all the 16 properties located at Nos.86A–86D Pokfulam Road, Hong Kong. The site is located at a traditional luxury residential area with easy access to Central. It will be redeveloped into luxurious properties and is undergoing the foundation works. The Group owns 70% equity interest in this property development project.

As at 28 June 2021, the Group's development land portfolio is as follows:

Location	Approximate site area (Square feet)	Approximate gross floor area (Square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
86A – 86D Pokfulam Road	28,500	28,500	Residential	2023	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	2023	100%
50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024	100%
101-111, King's Road	12,400	129,400	Residential and Commercial	2025	40%

The Group is currently in possession of three urban redevelopment projects with over 80% ownerships secured. Applications to the court are being made in respect of all these projects for compulsory sale orders 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 redevelopment. Redevelopment can only be implemented upon acquisition of the full ownership of the relevant projects. The total attributable gross floor area upon redevelopment is approximately 175,000 square feet.

Property Investment

As at 31 March 2021, 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\$571.2 million (31 March 2020: approximately HK\$654.1 million).

During the reporting year, the Group received gross rental income of approximately HK\$13.5 million (2020: approximately HK\$3.7 million), representing an increase of approximately HK\$9.8 million over last year. The increase in gross rental income was primarily attributable to new leases entered into with tenants and completion of rent-free period during the reporting year.

The Group has partnered with Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”) to own two commercial accommodations, known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The Group has 50% equity interest in each project. The Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at the date of this announcement, Lake Silver is fully let and The Parkside gets an occupancy rate over 85%.

On 30 March 2021, the Group and an independent third party (the “**Parkville partner**”) formed a new joint venture group (the “**Parkville JV**”), in which the Group owns 50%. The Parkville JV has entered into a preliminary agreement for sale and purchase on the same date (the “**Acquisition**”) with an independent third party in respect of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories for a consideration of HK\$300.0 million. On 21 June 2021, the Group and the Parkville partner entered into a supplemental binding term sheet with two independent third parties (the “**New Investors**”). Subject to the completion of the Acquisition and bank consent, the shareholdings of the Group, the Parkville partner and the New Investors will become 64%, 30% and 6%, respectively. The Acquisition was completed on 25 June 2021. Details of the transaction were set out in the joint announcement published by the Company and Wang On Group Limited (“**WOG**”) dated 30 March 2021 and 21 June 2021.

The Group will keep looking for opportunities to expand its investment properties portfolio through both self-acquisition and strategic partnership. By utilizing the Group’s expertise in asset management, it would seek to secure its existing the recurring rental and asset management income and explore strategic expansion opportunities for additional 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, WOG and its subsidiaries (excluding the Group) owned a total of 48 residential investment properties (“**Excluded Properties**”) which were not injected into the Group as part of the spin-off listing of the Company in April 2016. The Company has been informed by WOG that 39 out of these 48 Excluded Properties had been sold as of 31 May 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group's total assets less current liabilities were approximately HK\$7,994.6 million (2020: approximately HK\$7,198.9 million) and the current ratio was approximately 2.4 times (2020: approximately 2.5 times). As at 31 March 2021, the Group had cash and cash equivalents of approximately HK\$826.5 million (2020: approximately HK\$853.6 million).

Aggregate bank borrowings as at 31 March 2021 amounted to approximately HK\$4,696.9 million (2020: approximately HK\$3,370.2 million). The gearing ratio was approximately 77.1% (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 31 March 2021, the Group's property, plant and equipment, investment properties, properties under development and properties held for sales, with carrying value of approximately HK\$84.6 million, HK\$571.2 million, HK\$4,892.5 million and HK\$580.0 million (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 commitment as at 31 March 2021 amounted to approximately HK\$516.0 million (2020: approximately HK\$486.7 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$145.0 million (2020: approximately 251.4 million). The Group has not given guarantee to banks in connection with facilities granted to its joint ventures as at 31 March 2021 (2020: three joint ventures up to approximately HK\$1,617.6 million and were utilized to the extent of approximately HK\$1,090.5 million). Save as disclosed herein, 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 its financial management. Financial resources are under close monitoring to ensure the Group's smooth operation, as well as flexibility to respond to market opportunities and uncertainties. Management of the Group is of the opinion that the Group's existing financial structure and resources are healthy and sufficient for the Group's needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

As at 31 March 2021, interest-bearing debt profile of the Group was analysed as follows:

	31 March 2021 HK\$'000	31 March 2020 HK\$'000
Bank loans repayable:		
Within one year or on demand	1,953,857	1,093,677
In the second year	1,036,292	1,039,056
In the third to fifth years, inclusive	1,706,787	1,237,479
	4,696,936	3,370,212
Other loans repayable		
In the second year	202,270	–
In the third to fifth years, inclusive	–	198,970
	4,899,206	3,569,182

The effective interest rate of bank loans is approximately 1.8% per annum (2020: approximately 3.7%) and other loans carry at a fixed interest at 6.0% (2019: 6.0%) per annum.

TREASURY POLICY

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

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 year.

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

Save as disclosed above, during the year, 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 31 March 2021, the Group had 136 (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, 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.

PROSPECTS

Hong Kong real GDP resumed appreciable year-on-year growth of 7.9% in the first quarter of 2021, led by very strong growth of exports of goods. However, the overall economic activity remained below the pre-recession level, as the COVID-19 pandemic continues to hit individual segments of the economy. The Sino-US trade relationship and quantitative easing policy also introduce uncertainty to the recovery of the local economy.

The rolling out of a free vaccination programme launched by the Hong Kong government and the increased awareness of people are expected to ease the local pandemic situation. With the support of low-interest rate environment and concrete demands on residential units, the property sector is expected to remain resilient over the long term.

The Group has achieved approximately HK\$1.3 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. With the expected commencement of the pre-sales of The Met. Azure, the growth momentum and branding of the Group are expected to be further improved. The Group will continue to seek to replenishes its land bank by participating in public tender, old building acquisition and land use conversion.

In the asset management and property investment sector, the Group will keep seeking new opportunities to broaden our portfolio for a stable recurring income base.

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

SUSTAINABLE DEVELOPMENT

Facing the continuous challenges brought by the COVID-19 pandemic, more stringent test and quarantine guidelines have been implemented at our properties, office, and construction sites to safeguard the health of customers, tenants, employees and working partners. The Group has also provided rental relief and other forms of support to its tenants whose businesses have been affected.

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 recognized by the Hong Kong Green Building Council, for the development of some of our properties 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 includes green elements into project planning and design and oversees the environmental performances of contractors during the construction phase.

For all development projects, the design and specifications of the Mechanical, Electrical and Plumbing (MEP) systems conform to latest Building Energy Codes. 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. They are also required to submit for approval and to subsequently implement Waste Management Plan for all construction sites of the development projects to ensure the compliance.

RISK FACTORS

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses, including the following highlighted risks:

- our business is dependent on the economic conditions in Hong Kong, particularly the performance of the property market in Hong Kong;
- we may not be able to identify and acquire land bank which is suitable and desirable for our future development;
- we generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales. Our profitability may fluctuate significantly between different periods, as our financial performance for a particularly period depends on the mix of properties available for sale;
- we may be unable to obtain, or may suffer material delays in obtaining, the relevant government approvals or be unable to take possession of the land parcels for our property development projects;
- we rely on external construction companies for the construction-related works of our property development projects and these construction companies may fail to provide satisfactory services which adhere to our quality and safety standards and in a timely manner, or at all;
- our results of operations may be adversely affected by labour shortages and/or the increase in the costs of labour; and

- we are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

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 during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

The Group acknowledges our corporate social responsibility to share some burden in building the society where our business has been established and thrived. During the financial year, the Group has participated different charity activities, e.g. visiting low income families in Sham Shui Po and sending blankets and health care products to elderly, etc. The Group will keep the passion on the contribution of resources and caring to the society.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate governance and is committed to achieving a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence. The Board believes that good corporate governance practices are fundamental and essential to the success of the Company and the enhancement of its effectiveness and corporate image.

The Company adopted the principles and complied 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 of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Board considered that the Company had complied with the applicable code provisions set out in the CG Code throughout the financial year ended 31 March 2021.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2021 Annual Report.

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 than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as 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 financial year under review and up to the date hereof and no incident of non-compliance by the Directors was noted by the Company during the financial year under review.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising all three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, has been established to, *inter alia*, review and approve the consolidated financial statements for the financial year ended 31 March 2021. Mr. Li Wing Sum Steven is the chairman of the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the financial year ended 31 March 2021 as set out in this announcement have been agreed by the Company’s independent auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the financial year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements* issued by the *Hong Kong Institute of Certified Public Accountants* and consequently no assurance has been expressed by Ernst & Young on this announcement.

ANNUAL GENERAL MEETING

The 2021 annual general meeting of the shareholders of the Company (the “**2021 AGM**”) will be held at Garden Room A – D, 2/F, New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 25 August 2021 at 10:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) for determining eligibility to attend and vote at the 2021 AGM:

Latest time to lodge transfer documents for registration : 4:30 p.m., Wednesday, 18 August 2021

Closure of register of members : Thursday, 19 August 2021 to Wednesday, 25 August 2021 (both days inclusive)

Record Date : Wednesday, 25 August 2021

(b) for determining entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration : 4:30 p.m., Tuesday, 31 August 2021

Closure of register of members : Wednesday, 1 September 2021 to Friday, 3 September 2021 (both days inclusive)

Record Date : Friday, 3 September 2021

In order to be eligible to attend and vote at the 2021 AGM and to qualify for the proposed final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than the respective latest dates and time set out above.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.woproperties.com). The 2021 annual report containing all information required by the Listing Rules will be despatched to the Company's shareholders 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

Tang Ho Hong

Executive Director and Chief Executive Officer

Hong Kong, 28 June 2021

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