宏 安 地 產
WANG ON PROPERTIES

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 2016

The board of directors (the "**Board**") 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 2016, 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 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
REVENUE	4	**645,486**	1,229,971
Cost of sales		**(417,110)**	(667,148)
Gross profit		**228,376**	562,823
Other income and gains, net	4	**311,655**	20,101
Selling and distribution expenses		**(48,384)**	(64,277)
Administrative expenses		**(139,885)**	(110,136)
Other expenses		**–**	(698)
Finance costs	6	**(28,591)**	(24,953)
Fair value gains on investment properties, net		**20,694**	47,588
Fair value gain upon transfer of a property held for sale to an investment property		**–**	107,725
Reversal of write-down of properties under development		**49,564**	–
PROFIT BEFORE TAX	5	**393,429**	538,173
Income tax credit/(expense)	7	**15,314**	(80,950)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**408,743**	457,223

	Note	**2016**	2015
		HK$'000	*HK$'000*
Profit and total comprehensive income attributable to:			
Owners of the parent		**410,000**	457,399
Non-controlling interests		**(1,257)**	(176)
		408,743	457,223
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**HK35.96 cents**	HK40.12 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Note	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**70**	62,071
Investment properties		**579,200**	1,263,900
Properties under development		**350,000**	300,273
Deposits paid		**–**	54
Deferred tax assets		**1,577**	3,460
Total non-current assets		**930,847**	1,629,758
CURRENT ASSETS			
Properties under development		**2,560,519**	2,354,889
Properties held for sale		**92,473**	439,134
Due from the Remaining WOG Group		**–**	1,082,807
Prepayments, deposits and other receivables		**14,977**	152,036
Tax recoverable		**1,022**	762
Cash and cash equivalents		**475,831**	242,388
Total current assets		**3,144,822**	4,272,016
CURRENT LIABILITIES			
Trade payables	*10*	**37,508**	78,135
Other payables and accruals		**25,738**	19,439
Due to the Remaining WOG Group		**–**	2,562,449
Loans from WOG		**–**	352,743
Deposits received and receipts in advance		**13,567**	155,744
Interest-bearing bank and other loans		**326,677**	667,971
Tax payable		**49,448**	141,759
Total current liabilities		**452,938**	3,978,240
NET CURRENT ASSETS		**2,691,884**	293,776
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,622,731**	1,923,534

	2016	2015
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other payables	**21,973**	7,581
Interest-bearing bank and other loans	**1,567,044**	1,672,266
Deferred tax liabilities	**2,573**	5,204
Total non-current liabilities	**1,591,590**	1,685,051
Net assets	**2,031,141**	238,483
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**1**	–
Reserves	**2,032,454**	238,540
	2,032,455	238,540
Non-controlling interests	**(1,314)**	(57)
Total equity	**2,031,141**	238,483

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 16 March 2016. Since the companies now comprising the Group were under the common control of the controlling shareholder both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

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

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

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

These financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2016 and 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). As explained in above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

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

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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 interests 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 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
5 No mandatory effective date is determined but available for early adoption

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

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

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

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

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

(i) the materiality requirements in HKAS 1;

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

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

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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 and the trading of car parking spaces, industrial and commercial premises for rental or for sale;

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

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

Year ended 31 March

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

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

Information about a major customer

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

4. REVENUE, OTHER INCOME AND GAINS, NET

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

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

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

5. PROFIT BEFORE TAX

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

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. INCOME TAX EXPENSE/(CREDIT)

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

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

8. DIVIDENDS

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

Notes:

(i) During the year ended 31 March 2016 and 2015 and before the completion of the Reorganisation, certain subsidiaries of the Company declared special dividends aggregating HK$170,000,000 and HK$477,900,000, respectively, to their then shareholders.

(ii) The directors do not recommend the payment of any dividend for the year ended 31 March 2016 and 2015.

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

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2016 includes 100,000 ordinary shares of the Company issued on 2 December 2015 and 1,139,900,000 new ordinary shares issued pursuant to the capitalisation issue, on the assumption that these shares had been in issue throughout the year ended 31 March 2016.

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

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

10. TRADE PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

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

DIVIDEND

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

BUSINESS REVIEW

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

Property Development

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

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

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

1. The site at 575–575A Nathan Road, Mong Kok has completed foundation work, construction of superstructure is expected to begin in the current financial year. The site will be developed into another 19-storey Ginza type commercial complex after our successful commercial development project — "726 Nathan Road". Targeted completion date of this development is expected to be in late 2017.

2. The site at Ma Kam Street, Ma On Shan in Sha Tin (Sha Tin Town Lot No. 599) was acquired in July 2014 through a tender of the Hong Kong Government land sale. It is a residential development site near the Ma On Shan Station. Foundation works will soon complete and superstructure will immediately follow. Expected completion of this project will be in 2018. The Group owns 60% equity interest in this development and the results and financial position of the entity holding the development will be consolidated into the financial statements of the Group.

3. Another site in Sha Tin district located at Hang Kwong Street, Ma On Shan (Sha Tin Town Lot No. 598) was also acquired by the Group through a tender of the Hong Kong Government land sale in September 2014. It is also a residential development site near the Ma On Shan Station. Again, foundation works will also complete soon. Completion of development is expected to be in late 2017, which is earlier than the Ma Kam Street site stated above. This site will probably be delivered to purchaser earlier than the Ma Kam Street site stated above. The Group also owns 60% equity interest in this development and the results and financial position of the entity holding the development will be consolidated into the financial statements of the Group.

4. The Group's third residential land piece in Sha Tin district, the site at Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587) was also acquired in the same way as the above two lots in February 2015. General building plan has been approved, slope and site formation works is progressing smoothly. The site is near to the Tai Wai Station on the East Rail Line and the Ma On Shan Line of the MTR. The Group solely owns this development and it is expected the development will be completed in early 2019.

5. Development works of the site at 13 and 15 Sze Shan Street, Yau Tong is still pending commencement. The negotiation with the Hong Kong Government in respect of the amount of land premium required for redevelopment of the site is still in progress.

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

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

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

Property Investment

As at 31 March 2016, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK$579.2 million (31 March 2015: approximately HK$1,263.9 million).

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

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

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

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

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

Furthermore, in November 2015, the Group had also acquired a number of car parking spaces in Shatin Centre at a consideration of HK$96.8 million with a view for trading gain. Some of which had been sold before the year end with an aggregate revenue contribution of HK$53.3 million. The remaining car parking spaces are held for sale and/or held for generating rental income.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

Foreign Exchange

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

Employees and Remuneration Policies

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

CORPORATE SOCIAL RESPONSIBILITY

While the Group endeavours to promote business development and strive for greater rewards for our stakeholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. In the past years, the Group made charity donations to organisations included Yan Oi Tong, Hong Kong New Arrivals Services Foundation Limited, Live In Harmony Fund Limited and Chi Lin Nunnery. In light of the ever greater disparity between rich and poor in Hong Kong society developed in recent years, people from the lower class face escalating pressure in making a living. Yearns of this group of people are not only on tangible resources and financial support, but also care and respect from the general public.

ENVIRONMENTAL MATTERS

The Group has taken measures to promote environmental-friendliness of the workplace by encouraging paper-recycling culture and energy-saving culture within our Group. The Group also participated in the BEAM Plus assessment scheme, a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council, for the development of some of our properties, including The Met. Delight, the Ma Kam Street project, the Hang Kwong Street project and the Tai Po Road project, by engaging a third-party consultancy company for the provision of services in respect of BEAM Plus Certification and other environmental assessments.

The Group also outsourced all of the construction-related work for our property development projects to independent construction companies. Our contractors in relation to our property development business are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control, drainage control and noise control.

RELATIONSHIP WITH SUPPLIERS

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

RELATIONSHIP WITH CUSTOMERS

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

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 recorded a non-recurring fair value gain of approximately HK$107.7 million for the year ended 31 March 2015 attributable to reclassification of a property held for sale into an investment property. However, our investment properties may incur negative fair value change in the future, which may adversely affect our profitability;

- 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.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The Company listed its shares on the Stock Exchange on 12 April 2016. Net proceeds from the Listing were approximately HK$310.8 million (after deduction of the underwriting commission and relevant expenses), which are intended to be applied in the manner as disclosed in the prospectus of the Company dated 30 March 2016 (the "**Prospectus**"). As at 8 June 2016, the net proceeds from the Listing were utilised as follows:

	Actual net proceeds *HK$ million*	**Amount utilised as at the date of this announcement** *HK$ million*	**Amount unutilised as at the date of this announcement** *HK$ million*
Acquisition of suitable development site(s) in Hong Kong to replenish our land bank for our property development business	230.0	–	230.0
Acquisition of properties for investment to enhance our portfolio of properties for investment	50.7	–	50.7
General working capital of the Group	30.1	2.9	27.2
TOTAL	310.8	2.9	307.9

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

PROSPECTS

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

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

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

The Group expects the strong underlying residential demand, low interest rate and increasing population growth should continue to support the development of the Hong Kong property market. The Group continues to exploit every opportunity for its healthy development and aims to achieve solid returns to our shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company adopted the principles and comply with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company had complied with the applicable code provisions set out in the CG Code since the Listing Date and up to the date of this announcement.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2016 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on the 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**") 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 since the Listing Date and up to the date hereof and no incident of non-compliance by the directors was noted by the Company during such period.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with specific terms of reference in compliance with Rule 3.21 of the Listing Rules on 17 March 2016. Immediately after the Listing Date, the Audit Committee met once with the management to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters, the statutory compliance, internal controls and risk management, and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The consolidated financial statements for the year ended 31 March 2016 have been reviewed by the Audit Committee with the management of the Company.

The Audit Committee, comprising three independent non-executive directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr. Dr. Leung Tony Ka Tung, has reviewed with the management the consolidated financial statements for the year ended 31 March 2016. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the shareholders of the Company will be held at Garden Rooms A to B, 2/F., New World Millennium Hong Kong Hotel of 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 9 August 2016 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 from Thursday, 4 August 2016 to Tuesday, 9 August 2016 (both dates inclusive) for determining eligibility to attend and vote at the 2016 annual general meeting. In order to be eligible to attend and vote at the 2016 annual general meeting, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., Wednesday, 3 August 2016.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of HKExnews (www.hkexnews.hk) and the Company (www.woproperties.com). The 2016 annual report containing all the 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
Chan Chun Hong
Non-executive Chairman

Hong Kong, 8 June 2016

As at the date of this announcement, the Board comprises Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong as executive directors of the Company; Mr. Chan Chun Hong as non-executive director of the Company; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr. Dr. Leung Tony Ka Tung as independent non-executive directors of the Company.