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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2018	2017	Change
	(Unaudited)	(Unaudited)	
	HK$ million	*HK$ million*	
Revenue	**2,730**	12	+22,650%
Gross profit	**1,083**	10	+10,730%
Net profit attributable to shareholders	**550**	904	-39%
Earnings per share *(HK cents)*			
Basic	**3.62**	5.95	-39%
Diluted	**3.62**	5.95	-39%

	As at 30 September 2018	As at 31 March 2018	
	(Unaudited)	(Audited)	
	HK$ million	*HK$ million*	
Total net asset value	**4,753**	4,184	+14%
Net asset value per share *(HK$)*	**0.31**	0.28	+11%

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Directors**") of Wang On Properties Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
REVENUE	4	**2,729,749**	12,071
Cost of sales		**(1,646,775)**	(1,801)
Gross profit		**1,082,974**	10,270
Other income and gains, net	4	**32,597**	930,934
Selling and distribution expenses		**(106,731)**	(11,290)
Administrative expenses		**(69,145)**	(50,008)
Finance costs	5	**(44,341)**	(29,407)
Fair value gains on investment properties, net		**43,000**	52,938
Share of losses of joint ventures		**(10,458)**	(710)
Reversal of write-down of properties under development		**88,856**	—
PROFIT BEFORE TAX	6	**1,016,752**	902,727
Income tax credit/(expense)	7	**(154,614)**	1,325
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**862,138**	904,052
Profit and total comprehensive income attributable to:			
Owners of the parent		**550,269**	903,850
Non-controlling interests		**311,869**	202
		862,138	904,052
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**HK3.62 cents**	HK5.95 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	Note	30 September 2018 (Unaudited) HK$'000	31 March 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**93,637**	95,476
Investment properties		**782,000**	759,000
Properties under development		**1,538,131**	152,997
Investment in joint ventures		**1,312,619**	1,413,350
Loan receivable		**600,000**	600,000
Other receivables		**355,964**	7,320
Deferred tax assets		**15,640**	18,592
Total non-current assets		**4,697,991**	3,046,735
CURRENT ASSETS			
Properties under development		**2,335,825**	2,599,460
Properties held for sale		**720,501**	719,080
Contract assets		**40,384**	—
Prepayments, deposits and other receivables		**1,408,846**	1,463,650
Tax recoverable		**260**	260
Cash and cash equivalents		**1,659,177**	1,553,803
		6,164,993	6,336,253
Assets of disposal subsidiaries classified as held for sales		**—**	764,714
Total current assets		**6,164,993**	7,100,967
CURRENT LIABILITIES			
Trade payables	*10*	**154,950**	159,187
Other payables and accruals		**45,354**	32,814
Contract liabilities		**1,413,557**	—
Deposits received and receipts in advance		**3,066**	2,276,270
Interest-bearing bank and other loans		**1,971,874**	537,402
Tax payable		**234,775**	84,037
		3,823,576	3,089,710
Liabilities directly associated with the assets classified as held for sales		**—**	311,322
Total current liabilities		**3,823,576**	3,401,032

	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
NET CURRENT ASSETS	**2,341,417**	3,699,935
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,039,408**	6,746,670
NON-CURRENT LIABILITIES		
Other payables	**164,959**	164,958
Interest-bearing bank and other loans	**2,120,490**	2,397,053
Deferred tax liabilities	**608**	745
Total non-current liabilities	**2,286,057**	2,562,756
Net assets	**4,753,351**	4,183,914
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**15,200**	15,200
Reserves	**4,496,134**	4,044,544
	4,511,334	4,059,744
Non-controlling interests	**242,017**	124,170
Total equity	**4,753,351**	4,183,914

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

1. BASIS OF PREPARATION

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15, and Amendments to HKFRS 15, the adoption of the above revised standards has had no significant financial effect on the unaudited condensed consolidated interim financial statements.

The nature and effect of these changes are disclosed below:

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments*: *Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group did not restate comparative information and has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39. The impacts relating to the classification and measurement and the impairment requirements are summarised as follows:

(a) Classification and measurement

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments' contractual cash flows represent “solely payments of principal and interest” on the principal amount outstanding (the “**SPPI criterion**”).

The new classification and measurement of the Group's debt financial assets are as follows:

Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

The assessment of the Group's business models was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

The adoption of HKFRS 9 has had no significant impact on the Group's unaudited condensed consolidated interim financial statements on classification and measurement of its financial assets.

(b) Impairment of financial assets

HKFRS 9 requires an impairment on contract assets, deposits, loan receivables and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all of its contract assets and deposits. The Group performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its loan and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue and related Interpretations* and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a 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 standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at 1 April 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated.

Sale of properties

(a) Timing of revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

The Group sells completed properties in Hong Kong. The impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

In previous years, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured.

Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress.

The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group recognised the sale of completed properties until the point in time at which the Group delivers the properties to the buyers.

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group’s pre-sales of properties as receipts in advance in the consolidated statement of financial position. Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from deposits received and receipts in advance to contract liabilities for the advance consideration received from customers. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018. Receipts in advance of HK$2,257,289,000 that were previously classified under deposits received and receipts in advance have been reclassified to contract liabilities as at 1 April 2018.

(b) Sales commission

The Group pays commission to the sales agents when agreement for sale and purchase is signed with a property buyer. Following the adoption of HKFRS 15, incremental costs of obtaining a contract, including sales commission, if recoverable, are capitalised as an asset and shall be amortised on a systematic basis that is consistent with the transfer of the related property to the customer. Prior to the adoption of HKFRS15, the Group capitalised the sales commission as an asset until it is recognised in profit or loss at the same time when revenue from the related completed property is recognised. Accordingly, the adoption of HKFRS 15 has had no material impact on the recognition of sale commission in the respective periods and had no significant impact on the opening retained profits as at 1 April 2018. Prepaid sales commission of HK$67,256,000 that was previously classified as prepayments, deposits and other receivables has been reclassified to contract assets as at 1 April 2018.

(c) Financing component for sale of completed properties

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, (i) the Group offers property buyers a discount if they opt to pay the purchase price in full within 120–180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer.

Upon adoption of HKFRS15, properties under development increased by HK$54,262,000, with a correspondence increase in receipts in advance as at 1 April 2018. In addition, reclassifications have been made from receipts in advance to contract liabilities for the advance consideration received from customers. Receipts in advance of HK$2,257,289,000 that were previously classified as deposits received and receipts in advance have been reclassified to contract liabilities as at 1 April 2018.

Summary of impact of HKFRS 15 on the unaudited condensed consolidated interim financial statements as at 1 April 2018:

	Amount as previously reported *HK$'000*	**Adjustment under HKFRS 15** *HK$'000*	**Reclassifications under HKFRS 15** *HK$'000*	**Restated amounts** *HK$'000*
(Unaudited)				
Condensed consolidated statement of financial position				
Current assets				
Properties under development	2,599,460	54,262	—	2,653,722
Contract assets	—	—	67,256	67,256
Prepayments, deposits and other receivables	1,463,650	—	(67,256)	1,396,394
Current liabilities				
Contract liabilities	—	—	2,257,289	2,257,289
Deposits received and receipts in advance	2,276,270	54,262	(2,257,289)	73,243

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in the current period.

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 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 six months ended 30 September 2018 and 2017, and the non-current assets of the Group were located in Hong Kong as at 30 September 2018 and 31 March 2018.

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

Reportable segment information

Six months ended 30 September

	Property development		Property investment		Total	
	2018	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,726,074**	2,133	**3,675**	9,938	**2,729,749**	12,071
Other revenue	**10,188**	927,071	**52,205**	52,575	**62,393**	979,646
Total	**2,736,262**	929,204	**55,880**	62,513	**2,792,142**	991,717
Segment results	**1,045,116**	896,207	**51,827**	56,210	**1,096,943**	952,417
Reconciliation:						
Interest income from bank deposits					**6,640**	4,226
Interest income from a loan receivable					**6,564**	—
Finance costs					**(44,341)**	(29,407)
Corporate and unallocated expenses					**(49,054)**	(24,509)
Profit before tax					**1,016,752**	902,727
Income tax credit/(expense)					**(154,614)**	1,325
Profit for the period					**862,138**	904,052
Other segment information:						
Depreciation	**1,809**	163	**—**	—	**1,809**	163
Reversal of write-down of properties under development	**88,856**	—	**—**	—	**88,856**	—
Capital expenditure*	**—**	134	**—**	288,700	**—**	288,834
Fair value gains on investment properties, net	**—**	363	**43,000**	52,575	**43,000**	52,938
Gains on disposal of subsidiaries, net	**—**	457,143	**9,140**	—	**9,140**	457,143
Gain on remeasurement of the 50% equity interest in Wonder Sign Limited and its subsidiary ("**WS Group**") retained by the Group classified as a joint venture	**—**	467,039	**—**	—	**—**	467,039
Share of losses of joint ventures	**(10,458)**	(710)	**—**	—	**(10,458)**	(710)

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

4. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**2,723,584**	—
Gross rental income	**6,165**	12,071
	2,729,749	12,071
Other income and gains, net		
Interest income from bank deposits	**6,640**	4,226
Interest income from a loan receivable	**6,564**	—
Forfeiture of deposits from customers	**3,404**	167
Gains on disposal of subsidiaries, net	**9,140**	457,143
Gain on remeasurement of the 50% equity interest in the WS Group retained by the Group classified as a joint venture	**—**	467,039
Management fee income	**3,919**	2,132
Others	**2,930**	227
	32,597	930,934

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other loans	**63,541**	51,324
Less: Interest capitalised	**(19,200)**	(21,917)
	44,341	29,407

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of properties sold	**1,645,030**	—
Depreciation	**1,809**	163
Minimum lease payments under operating leases	**5,029**	5,052
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**1,745**	1,801

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the period	**150,987**	636
Underprovision in the prior periods	**—**	2
Deferred	**3,627**	(1,963)
Total tax expense/(credit) for the period	**154,614**	(1,325)

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

The calculation of the basic earnings per share for the six months ended 30 September 2018 is based on the profit for the period attributable to owners of the parent of HK$550,269,000 (six months ended 30 September 2017: HK$903,850,000), and the weighted average number of ordinary shares of 15,200,000,000 (six months ended 30 September 2017: 15,200,000,000).

No adjustment has been made to the basic earnings per share presented for the six months ended 30 September 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. DIVIDENDS

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend paid — HK0.65 cent (2017: Nil) per ordinary share	**98,800**	—
Interim dividend declared	**—**	—

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:

	30 September	31 March
	2018	2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**154,950**	159,187

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

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2018 amounted to approximately HK$2,729.7 million (six months ended 30 September 2017: approximately HK$12.1 million). The notable increase in revenue was primarily attributable to completion and delivery of The Met. Blossom. Profit attributable to owners of the parent for the reporting period was approximately HK$550.3 million (six months ended 30 September 2017: approximately HK$903.9 million). The reduced profit was mainly attributable to the decrease in other income recognised from the gain on the disposal of an indirect wholly-owned subsidiary and remeasurement of the 50% equity interest retained in a joint venture in the last corresponding period, net of the profit recognised from completion of The Met. Blossom. Review of the individual business segments of the Group is set out below.

Property Development

Revenue from this business segment during the reporting period amounted to approximately HK$2,726.1 million (six months ended 30 September 2017: approximately HK$2.1 million), mainly attributable to completion and delivery of The Met. Blossom. The Group owns 60% equity interest in this development project and the relevant results and financial position are consolidated into the financial statements of the Group.

The Met. Acappella, the Group's third residential project in Sha Tin district, on Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587), launched the pre-sale in November 2017. As at the date of this announcement, 305 of the 306 units released were sold with contracted sales (to be recognised (subject to audit) as revenue of the Group upon completion and delivery) reaching of approximately HK$2.1 billion. The project is expected to be completed in the first quarter of 2019.

Following the successful launch of the much sought-after boutique residential property series "The Met.", the Group together with CIFI Holdings (Group) Co. Ltd. are launching a luxury residential series branded "NOUVELLE", by unveiling the first project "maya" located at No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong. The project comprises two residential towers on a podium with a shopping arcade. It offers a total of 326 units of different layout designs, with standard two- to three-bedroom units and special units. It prides a modern and clean outlook, exceptional green landscaping and a large clubhouse, promising residents a luxurious and cozy living environment. Construction of the superstructure of the project is underway. The Group owns 50% equity interest in this development project and is responsible for its project management.

The Group's Whitehead project (Sha Tin Town Lot No. 601) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited has been named "Altissimo". Representing a low-density residential development project, "Altissimo" will provide a total of 547 units. In line with the Group's philosophy, the development project has diversified unit layouts to meet the need of different families. Meanwhile, the project has much more than optimum living spaces to offer. It overlooks Starfish Bay, an ecological treasure in the nature reserve area nearby, and has the Ma On Shan Country Park behind it. Residents will also be able to enjoy the picturesque view of Pat Sin Leng and the Whitehead Club is within walking distance. Those attribute plus top-class construction materials and delicate designs will see the project to become a new model for premium residential projects in the area. Pre-sale is launched in mid of November 2018.

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

On 12 April 2018, the Group won the tender for the land plot located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) at a total consideration of HK$867.3 million. It intends to develop on the land under the exquisite residential property series "The Met.", adding to the brand's remarkable track record and strengthening the presence of the brand. The site spans of approximately 14,400 square feet with total permitted residential and commercial floor area of approximately 90,000 square feet. On top of the commercial and residential development, it will also provide a public transportation terminal (minibus station).

Construction works on the site at Nos. 575-575A Nathan Road, Mongkok were completed and an occupation permit was secured in February 2018. The development is a 19-storey Ginza type commercial complex under the "Ladder" brand.

As at 31 October 2018, the Group had a development land portfolio 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**
Tai Po Road — Tai Wai section (Sha Tin Town Lot No. 587)	71,000	148,000	Residential	2019	100%
No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
Yiu Sha Road, Whitehead (Sha Tin Town Lot No. 601)	253,000	388,000	Residential	2020	40%
Nos. 86A–86D Pokfulam Road	28,500	28,500	Residential	2021	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%

The Group is always exploring different opportunities, including public tender, old building acquisition and land use conversion to increase its land bank. It will also keep on seeking opportunities to collaborate with external parties to capture synergistic benefits, allowing it to streamline costs and boost revenues.

Property Investment

As at 30 September 2018, the Group's portfolio of investment properties comprised commercial and industrial units in Hong Kong with a total carrying value of approximately HK$782.0 million (31 March 2018: approximately HK$1,517.3 million).

During the reporting period, the Group received gross rental income of approximately HK$6.2 million (six months ended 30 September 2017: approximately HK$12.1 million). The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting period.

On 25 April 2018, the Group completed the disposal of the entire issued capital in, and all shareholder's loans owed by, the then four indirectly wholly-owned subsidiaries (the "**Target Companies**") of the Company to an indirectly wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) at an aggregate consideration of HK$350.0 million. The Target Companies are the registered owners of four investment properties located respectively in Mongkok, Causeway Bay, Shau Kei Wan and Tai Po. Details of the transaction were set out in the circular of the Company dated 29 March 2018.

* *For identification purpose only*

On 31 July 2018, the Group completed the disposal of the entire issued share capital and assignment of the shareholder's loan of Antic Investment Limited ("**Antic**") for a consideration of HK$83.8 million. Antic is the registered owner of the investment property located at Ground Floor including Cockloft, Foon Shing Building, No. 732 Nathan Road, Kowloon.

On 10 August 2018, the Group disposed of the entire issued share capital and assigned the shareholder's loan of New Earth Investments Limited ("**New Earth**") for a consideration of HK$32.0 million. New Earth is the registered owner of the investment properties located at Ground Floor of No. 111 Ma Tau Wai Road, Kowloon.

On 23 August 2018, the Group completed the disposal of the entire issued share capital and assignment of the shareholder's loan of PT Harvest Holdings Limited, which principally holds office units and parking spaces in Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of HK$324.5 million.

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 of the Group, Wang On Group Limited (宏安集團有限公司)* ("**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 31 out of the 48 Excluded Properties had been sold as at the date of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group's total assets less current liabilities were approximately HK$7,039.4 million (31 March 2018: approximately HK$6,746.7 million) and current ratio was approximately 1.61 times (31 March 2018: approximately 2.09 times). As at 30 September 2018, the Group had cash and cash equivalents of approximately HK$1,659.2 million (31 March 2018: approximately HK$1,558.8 million).

Aggregate bank borrowings of the Group as at 30 September 2018 amounted to approximately HK$3,906.5 million (31 March 2018: approximately HK$3,224.0 million) and gearing ratio was approximately 49.8% (31 March 2018: approximately 41.0%), calculated by reference to the Group's total bank borrowings net of cash and cash equivalents and equity attributable to owners of the parent. As at 30 September 2018, the Group's property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK$92.8 million, HK$761.0 million, HK$3,329.7 million and HK$665.3 million (31 March 2018: approximately HK$94.4 million, HK$1,497.3 million, HK$1,168.3 million and HK$576.5 million) respectively were pledged to secure the Group's general banking facilities.

* *For identification purpose only*

The Group's capital commitment as at 30 September 2018 amounted to approximately HK$431.2 million (31 March 2018: approximately HK$1,564.4 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK$977.3 million (31 March 2018: approximately HK$1,118.2 million). The Group provides guarantee in favour of banks in connection with facilities granted to the two joint ventures up to HK$2,158.8 million (31 March 2018: HK$2,158.8 million) and were utilised to the extent of approximately HK$1,165.5 million as at 30 September 2018 (31 March 2018: approximately HK$1,033.3 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 continuing basis and adopted a prudent approach in financial management. Financial resources are being closely monitored to ensure the Group's smooth operation, as well as flexibility in responding 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 to meet the Group's needs in the foreseeable future.

DEBT PROFILE AND FINANCIAL PLANNING

The Group's interest-bearing debt profile as at 30 September 2018 is as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year	**1,576,515**	780,223
In the second year	**478,950**	878,382
In the third to fifth years, inclusive	**1,680,327**	1,385,649
Beyond five years	**170,752**	179,778
	3,906,544	3,224,032
Other loans repayable		
Within one year	**4,400**	13,397
In the third to fifth years, inclusive	**181,420**	—
	4,092,364	3,237,429

The effective interest rate of bank loans is approximately 4.0% per annum (31 March 2018: approximately 2.8%) and other loans carry a 6% fixed interest rate.

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. During the reporting period, internally generated cash flow and interest-bearing bank and other borrowings were the general source of funds for financing operation. The Group regularly reviews its major funding positions to ensure it has adequate financial resources to meet all financial obligations.

FOREIGN EXCHANGE

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 120 (31 March 2018: 101) employees in Hong Kong. The Group remunerates employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group provides discretionary bonuses based on individual performance and its business performance, plus medical insurance coverage and a wide range of leave entitlements. It also contributes to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for eligible employees in Hong Kong.

PROSPECTS

The ongoing China-US trade war, rising mortgage rates and the volatile stock market are impacting the Hong Kong property market. Both the primary and secondary property markets have been exhibiting drop in sales volume in the second half of 2018.

The Group expects home prices to trend downward but only temporarily, as demands from first-time buyers and users are still supporting the property market. While interest rate is expected to keep rising, with the low unemployment rate and the market dominated by end-users, it is not expected to significantly impact demand and the number of foreclosures.

The Group remains cautiously optimistic about the property market in Hong Kong. It will continue to monitor market changes and adjust its investment strategies to capture development opportunities and in turn achieve solid returns for shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2018.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with management the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 of the Group. The Audit Committee comprises the three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung. Mr. Li Wing Sum Steven was elected as the chairman of the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of HKEXnews (***www.hkexnews.hk***) and the Company (***www.woproperties.com***). The 2018 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Chan Chun Hong
Chairman

Hong Kong, 20 November 2018

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