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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wang On Properties Limited 宏安地產有限公司, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO  
THE FORMATION OF A JOINT VENTURE,  
(2) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES,  
(3) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO OPTIONS GRANTED  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the Board is set out on pages 7 to 27 of this circular.

A notice convening the SGM to be held at Unit 1103-06, China Building, 29 Queen's Road Central, Hong Kong on Thursday, 23 December 2021 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### PRECAUTIONARY MEASURES FOR THE SGM

Taking into account the recent development of the pandemic caused by the coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the SGM to protect attendants from the risk of infection:

- (i) compulsory body temperature checks will be conducted for every attending Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
- (ii) every attending Shareholder or proxy is required to wear a surgical mask throughout the SGM; and
- (iii) no souvenirs will be provided. No food or drink will be served at the SGM and there will be measures in place (including any necessary partitioning arrangements) for the purposes of complying with the relevant provisions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong).

Furthermore, the Company wishes to advise all of the Shareholders, particularly any Shareholders who are subject to quarantine in relation to the coronavirus disease (COVID-19), that they may appoint any person or the chairman of the SGM as a proxy to attend and vote on the resolution, instead of attending the SGM in person. Physical attendance by a Shareholder is not necessary for the purpose of exercising voting rights.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the SGM.

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## DEFINITIONS

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*In this circular, unless the context otherwise specifies, the following expressions have the following meanings:*

“APG JV Partner”	Stichting Depository APG Strategic Real Estate Pool, the depository of the Pool
“associates”, “connected persons” and “percentage ratio”	each has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cap”	a maximum cap of HK\$3,602,000,000
“Change of Control Event”	means any of the following events: (i) WOG ceases to control the Company; (ii) the Company ceases to control the WOP JV Partner; (iii) the WOP JV Partner and/or its affiliates cease to hold, in aggregate, 50% direct or indirect interest in the JV Company; (iv) the Company ceases to control the Manager; or (v) Mr. Tang Ho Hong ceases to be the chief executive officer of the Company
“Company”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243) and a 75%-owned listed subsidiary of WOG
“Completion Date”	the date of completion of the Investment as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Completion”
“Directors”	the directors of the Company
“Disposal”	the disposal of the Disposal Subsidiaries or any of them, as the context requires, by the Sellers to the JV Group pursuant to the Sale and Purchase Agreements
“Disposal Subsidiaries”	collectively, Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco, and “Disposal Subsidiary” shall mean each or any of them, as the context requires

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## DEFINITIONS

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“Fair Market Price”	the fair market value of the securities of the JV Company at the relevant time, calculated based on the value of the projects and assets owned by the JV Group with the business of the JV Company as a going concern minus all outstanding liabilities and reduced by minority interests, as determined by two property valuers, each being appointed by a JV Partner, respectively, and the Fair Market Price shall equal the average of the two valuations
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	collectively, the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the JV Partners
“Investment Period”	the first 3 years of the term of the JV Company, as may from time to time be extended pursuant to the terms of the Subscription and Shareholders’ Agreement or as agreed between the JV Partners
“Joint Venture”	the formation of joint venture in respect of the JV Company on the terms of the Subscription and Shareholders’ Agreement, including the formation of a new joint venture upon the exercise of the Re-Up Option
“JV Company”	Giant Harmony Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company prior to completion of the Investment, which will be held by each JV Partner as to 50% shareholding upon completion of the Investment
“JV Group”	the JV Company and its subsidiaries from time to time
“JV Partners”	collectively, the WOP JV Partner and the APG JV Partner, and “JV Partner” shall mean any or each of them, as the context requires
“Key-man Event”	has the meaning as defined in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Key-man Event”

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## DEFINITIONS

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“Latest Practicable Date”	3 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	six months from the date of the Subscription and Shareholders’ Agreement or such later date as the JV Partners may agree in writing
“Manager”	Wang On Asset Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Maximum Capital Commitment”	the aggregate total commitment of both JV Partners of HK\$4,668,000,000 in the JV Company as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Funding”
“Net Asset Value” and “Net Liabilities”	the total consolidated assets of the relevant Disposal Subsidiary and its subsidiary(ies) minus total consolidated liabilities of such Disposal Subsidiary and its subsidiary(ies) (other than the liability in respect of the shareholders’ loans and bank loan, if any) as at completion of the Disposal; it being referred to as “Net Asset Value” if it is a positive figure, and “Net Liabilities” if it is a negative figure (as applicable)
“Options”	collectively, the options granted by the JV Partners to each other as set out in the section headed “The Options”
“Pool”	has the meaning as defined in the section headed “Information on the parties”
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Re-Up Cap”	the cap in respect of the Re-Up JV Options, which has the same cap amount of HK\$3,602,000,000 as the Cap
“Re-Up Commitment”	has the meaning as defined in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Re-Up Option”

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## DEFINITIONS

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“Re-Up Option”	the right of the APG JV Partner to request for the payment of the Re-Up Commitment
“Re-Up JV Options”	the options granted by the JV Partners to each other in respect of their interest in the new joint venture vehicle on the same terms as the Options and on the same cap as the Cap
“Remaining Group”	the Group immediately after completion of the Disposal
“Sale and Purchase Agreements”	the sale and purchase agreements to be entered into among the APG JV Partner, the JV Company’s designated subsidiary(ies) and the Sellers in relation to the Disposal, and “Sale and Purchase Agreement” shall mean any or each of them, as the context requires
“Seed Project 1”	the residential and commercial units located at No.s 34 and 36 Main Street, Ap Lei Chau, Hong Kong and No.s 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong
“Seed Project 1 Holdco”	Spectrum Delight Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 1 prior to completion of the Disposal
“Seed Project 2”	the residential and commercial units located at No.s 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong
“Seed Project 2 Holdco”	Pop Prestige Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 2 prior to completion of the Disposal
“Seed Project 3”	the residential and commercial units located at No.s 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong
“Seed Project 3 Holdco”	Surplus Hunter Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 3 prior to completion of the Disposal
“Seed Project 4”	the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at No.s 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong
“Seed Project 4 Holdco”	Sole Champion Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Seller 4 prior to completion of the Disposal

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## DEFINITIONS

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“Seed Projects”	collectively, Seed Project 1, Seed Project 2, Seed Project 3 and Seed Project 4
“Seller 1”	Oasis Billion Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Seller 2”	More Action Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Seller 3”	Treasure South Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Seller 4”	Vivid Gemini Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sellers”	collectively, Seller 1, Seller 2, Seller 3 and Seller 4, and “Seller” shall mean each or any of them, as the context requires
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Shareholders’ Agreement”	the subscription and shareholders’ agreement dated 8 November 2021 entered into among the WOP JV Partner, the Company, the APG JV Partner and the JV Company in respect of the Joint Venture
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Total Capital Commitment”	the maximum total commitment of each JV Partner of HK\$2,334,000,000 in the JV Company as referred to in the section headed “Formation of Joint Venture – The Subscription and Shareholders’ Agreement – Shareholders’ arrangements – Funding”

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## DEFINITIONS

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“Transactions”	collectively, the Joint Venture, the Disposal and the grant and/or exercise of the Options and possible grant and/or exercise of the Re-Up JV Options
“Transaction Documents”	the transaction documents in relation to the Investment and Disposal, including among others, the Subscription and Shareholders’ Agreement, the Sale and Purchase Agreements and the asset management agreement(s)
“WOG”	Wang On Group Limited (宏安集團有限公司) *, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“WOP JV Partner”	Lucky Dynasty International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent



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LETTER FROM THE BOARD

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 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)

*Executive Directors:*

Mr. Tang Ho Hong  
(Chief Executive Officer)  
Ms. Ching Tak Won Teresa  
Ms. Wong Chin Han

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Li Wing Sum Steven  
Mr. Sung Tze Wah  
Sr Dr. Leung Tony Ka Tung

*Head office and principal*

*place of business in Hong Kong:*  
Suite 3201, 32/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

8 December 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO  
THE FORMATION OF A JOINT VENTURE,  
(2) VERY SUBSTANTIAL DISPOSAL OF SUBSIDIARIES,  
(3) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO OPTIONS GRANTED  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement dated 8 November 2021 jointly issued by the Company and WOG in relation to, among other things, the Joint Venture, the Disposal and the Options and the Re-Up JV Options (i.e. the Transactions).

The purpose of this circular is to provide you with, among other things, the details of the Transactions as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### FORMATION OF JOINT VENTURE

On 8 November 2021, the WOP JV Partner (an indirect wholly-owned subsidiary of the Company) and the Company (as the WOP JV Partner's guarantor) entered into the Subscription and Shareholders' Agreement with the APG JV Partner and the JV Company (an indirect wholly-owned subsidiary of the Company prior to completion of the Investment), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

### The Subscription and Shareholders' Agreement

#### *Date*

8 November 2021

#### *Parties*

- (i) WOP JV Partner
- (ii) the Company
- (iii) APG JV Partner
- (iv) JV Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the APG JV Partner and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

### Subject matter

Pursuant to the Subscription and Shareholders' Agreement, the APG JV Partner has conditionally agreed to subscribe for one (1) new share in the JV Company for a nominal subscription price of HK\$1, payable to the JV Company on completion of the Investment in cash. The JV Partners have also agreed to provide funding to the JV Company of up to HK\$2,334,000,000 each (i.e. the Total Capital Commitment), totalling HK\$4,668,000,000 for both JV Partners (i.e. the Maximum Capital Commitment), of which HK\$632,920,000 shall be payable by the APG JV Partner, and HK\$632,919,999 shall be payable by the WOP JV Partner on completion of the Investment.

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## LETTER FROM THE BOARD

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The Maximum Capital Commitment was determined after arm's length negotiation between the JV Partners with reference to the JV Group's investment strategy and the Group's track records in expanding its property portfolio. The initial funding payable by each JV Partner on completion of the Investment was determined with reference to the consideration payable by the JV Group for the Seed Projects under the Disposal, external debt financing and working capital of the Seed Projects. The balance of the Maximum Capital Commitment following completion of the Investment will be contributed when further suitable projects, if any, can be identified during the Investment Period in accordance with the terms of the Subscription and Shareholders' Agreement. The WOP JV Partner's share of the Maximum Capital Commitment will be funded in cash by way of (i) issue of promissory notes in favour of the JV Company or at its direction for the amount of HK\$632,919,999, which will be set off against the WOP JV Partner's share of the consideration payable for the Disposal in the equivalent amount, and (ii) payment in cash for the amount of HK\$1,701,080,000 from the internal resources of the Group. The APG JV Partner's share of the Maximum Capital Commitment will be funded in cash.

### Conditions precedent

Completion of the Investment shall be conditional upon fulfilment of the following conditions precedent:

- (i) each of WOG and the Company having obtained the approval of their respective shareholders in respect of the transactions contemplated under the Subscription and Shareholders' Agreement and the Disposal under the Sale and Purchase Agreements;
- (ii) there having been no material adverse change with respect to a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole between the date of the Subscription and Shareholders' Agreement and the Completion Date;
- (iii) the warranties by each of the JV Company, the APG JV Partner and the WOP JV Partner in respect of the Subscription and Shareholders' Agreement remaining true, accurate and complete in all material respects and not misleading in any material respect as at the Completion Date;
- (iv) no material breach of certain material warranties by the Sellers in respect of the Sale and Purchase Agreements affecting a material portion of Seed Project 1, Seed Project 2 and Seed Project 3 taken as a whole as at the date of the Subscription and Shareholders' Agreement and as at the Completion Date which has or may result in a material adverse change;
- (v) no material breach of the provisions of any of the Transaction Documents by the WOP JV Partner, the Company or the JV Company having occurred on or before the Completion Date; and
- (vi) no Change of Control Event or Key-man Event having occurred on or before the Completion Date.

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## LETTER FROM THE BOARD

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The APG JV Partner may, by notice to the WOP JV Partner, waive any of conditions precedent (ii) to (vi) (inclusive) set out above with respect to the WOP JV Partner at any time on or before the Longstop Date. If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the Longstop Date, the Subscription and Shareholders' Agreement shall terminate automatically.

In the event a material adverse change in respect of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project on a standalone basis occurs or arises between the date of the Subscription and Shareholders' Agreement and the Completion Date, notwithstanding that the condition in paragraph (ii) above may be satisfied, the APG JV Partner shall have the right to request the JV Company and the Company (or its affiliate) not to proceed with the Disposal of the relevant Disposal Subsidiary at completion of the Investment and to discuss and agree in good faith whether to proceed with such Disposal (and any necessary incidental changes to the terms of the Subscription and Shareholders' Agreement, including the total amount of the parties' initial funding to be provided on completion of the Investment), within 3 months from the completion of the Investment.

As at the Latest Practicable Date, none of the conditions precedent set out above have been fulfilled or waived.

### **Completion**

Completion of the Investment will take place on the 10th business day following the satisfaction (or waiver, as the case may be) of all the conditions precedent, or such other date as may be agreed between the JV Partners (the "**Completion Date**"). Following completion of the subscription of share of the JV Company by the APG JV Partner, each JV Partner shall hold 50% interest in the JV Company, and as the JV Company will be a 50% jointly-owned entity of the Company, the financial results of the JV Company and its subsidiaries will not be consolidated into the consolidated financial statements of the Group.

### **Shareholders' arrangements**

Pursuant to the Subscription and Shareholders' Agreement, the principal terms in relation to the operations of the JV Company after completion of the Investment are summarised as follows:

#### ***Business***

The principal business of the JV Company shall be the acquisition for development and re-development of residential properties in Hong Kong which satisfy such investment criteria as the JV Partners may from time to time agree with reference to the size and projected return of the projects for sale. The intention of the JV Partners is for the JV Company to focus on investing in developing residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender. In the event the JV Partners mutually agree to amend the investment criteria such that (i) the JV Company will no longer focus on investing in developing residential properties in urban locations in Hong Kong; or (ii) properties acquired from certain sources or obtained through certain procedures, including through government tender, will no longer be excluded from the JV Company's investment criteria, the Company will re-comply with the applicable Listing Rule requirements in respect of such material change of term, including announcement and shareholders' approval requirements.

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## LETTER FROM THE BOARD

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The investment criteria for the JV Company is the agreed criteria between the WOP JV Partner and the APG JV Partner based on their respective outlook for the residential property projects with reference to their sizes, locations and nature, and whether any projects satisfying the investment criteria of the JV Company is suitable for the JV Company also depends on the funding resources for its then existing projects and new potential projects available, and the financial position of the JV Company at the relevant time.

### *Board composition*

The board of directors of the JV Company shall consist of four directors, two of whom shall be nominated by each of the JV Partners. The chairman of the board of directors of the JV Company shall be a director nominated by the WOP JV Partner and shall not be entitled to a second or casting vote.

### *Funding*

The JV Company will finance its operations as required by (i) external non-recourse debt financing or (ii) making capital calls on the JV Partners on a pro-rata basis for a maximum amount of up to HK\$2,334,000,000 each (the “**Total Capital Commitment**” and in aggregate, the “**Maximum Capital Commitment**”). Capital calls may be made at any time during the Investment Period, extendable on such terms as set out in the Subscription and Shareholders’ Agreement.

### *Lock-up*

No party may, during the Investment Period, directly or indirectly dispose of any of its interest in the JV Company without the prior written consent of the other JV Partner save in accordance with the Subscription and Shareholders’ Agreement.

### *Re-Up Option*

At any time from the Completion Date until the earlier of (i) the date when 90% of the Maximum Capital Commitment of the JV Partners has been provided to the JV Company; or (ii) the date falling 6 months before the expiry of the Investment Period, the APG JV Partner has the right (the “**Re-Up Option**”) to require each of the WOP JV Partner and the APG JV Partner to make additional contributions in equal amounts for a maximum amount up to HK\$2,334,000,000 (“**Re-Up Commitment**”), totalling HK\$4,668,000,000 for both JV Partners, for the formation of a new joint venture vehicle to be held directly by each of the JV Partners on a 50:50 basis to make additional investments in the same business scope and on substantially the same terms as those of the JV Company, including investment period, board composition, lock-up, key-man event, term of the joint venture, exclusivity, the options (other than the Re-Up Option), and the appointment of the Manager as the manager for all its projects. The formation of the new joint venture vehicle and the payment of the Re-Up Commitment are subject to the WOP JV Partner and the APG JV Partner mutually agreeing on any necessary revision of the Manager’s remuneration as determined with reference to the performance of the relevant property projects managed by the Manager and the parties’ outlook of the residential property market in Hong Kong at the relevant time. Accordingly, the revised

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## LETTER FROM THE BOARD

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remuneration which may be received by the Manager may be higher or lower than the agreed remuneration of the Manager for the JV Company. The setting up of a new joint venture to carry out additional investments will facilitate more convenient management of the different properties under the two joint venture and the assessment of the Manager's performance for projects held by them.

Where any of the JV Partners fails to pay its Re-Up Commitment, such breach would constitute an event of default under the Subscription and Shareholders' Agreement, giving rise to a right on the WOP JV Partner or an obligation on the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company, further details of which are set out below in the section headed "The Options – Default including a default on Key-man Event". The Directors are of the opinion that, taking into account the financial resources available to the Group, the Group will have sufficient working capital for funding the Re-Up Commitment if required and such funding will not have any material adverse impact on the financial and operating position of the Group.

The Group's business strategy is to engage in property development by itself or with a suitable joint venture partner where it is in the interests of the Group to do so. The type of calibre that the APG JV Partner represents, with its reputation for environmentally sustainable and socially responsible investment, and its ability to tap into a stable source of funding, makes it an ideal partner for the Group to partner with, in particular for its sizeable projects. The terms and time horizon of the Re-Up Option and the possibility of setting up a new joint venture to carry out additional investments align with the Company's outlook of the residential property market in Hong Kong and the opportunities that the Company see in leveraging on the reputation and capital resources of the APG JV Partner to expand its property portfolio, having taken into account that the Group may not be able to fully take advantage of such opportunities were it to engage in the development or re-development of the properties on a solo basis.

Having considered the above, the granting of the Re-Up Option to the APG JV Partner was a commercial decision determined based on arm's length negotiations where the Group will remain as the manager of all its projects. Although the right to exercise the Re-Up Option is in the sole and unconditional discretion of the APG JV Partner, the parties have also agreed that upon the exercise of the Re-Up Option, the remuneration of the Manager for managing the projects under the new joint venture shall be subject to re-adjustment by mutual agreement between the APG JV Partner and the WOP JV Partner, and the new joint venture vehicle will only be formed (and the Re-Up Commitment will only be payable) upon such remuneration being mutually agreed. As such, the Directors are of the view that the Group shall have reasonable opportunity to ensure that the interests of the Group will be protected when the Re-Up Option is exercised.

Having considered the terms of the Re-Up Option based on the terms of the entire arrangement taken as a whole and taking into account the overwhelming benefit that the Transactions as a whole will bring to the Group, and the ability of the Group to protect its interests when the Re-Up Option is exercised, the Directors consider that the terms of the Transactions (including the Re-Up Option) to be fair and reasonable and in the interests of the Company. It is expected that the WOP JV Partner and the APG JV Partner will fund their respective Re-Up Commitment in cash. As at the Latest Practicable Date, the JV Group has not identified any property project to be funded by the Re-Up Commitment.

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## LETTER FROM THE BOARD

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### *Key-man Event*

Mr. Tang Ho Hong, an executive Director and the chief executive officer of the Company shall serve and perform his duties as chief executive officer of the Company and as a director of the JV Company for the duration of the term of the JV Company, and shall spend such amount of time as may be reasonably required to enable him to properly discharge his duties as a director of the JV Company, failing which a “**Key-man Event**” shall be deemed to have occurred.

### *Term of the JV Company*

The term of the JV Company shall be 7 years from the Completion Date, with the option to extend subject to unanimous approval by the JV Partners.

### *Exclusivity*

During the period commencing from the date of the Subscription and Shareholders’ Agreement to the earlier of (i) the date on which the Maximum Capital Commitment from the JV Partners has been provided to the JV Company; and (ii) the expiry of the Investment Period, the JV Group shall be the exclusive vehicle of the Group to carry out development and re-development of residential properties for sale in Hong Kong that aligns with such investment criteria as agreed between the JV Partners from time to time in accordance with the terms of the Subscription and Shareholders’ Agreement. In the event the APG JV Partner exercises the Re-Up Option, such exclusivity will apply with reference to the new joint venture vehicle as the exclusive vehicle.

The exclusivity will only apply to projects that fall within the investment criteria (i.e. currently residential properties in urban locations in Hong Kong with a project site and gross floor area of at least 3,500 square feet and at least 30,000 square feet, respectively, but excluding properties acquired from certain sources or obtained through certain procedures, including through government tender) and the Group will still be free to conduct such projects to the extent that the parties determine that it would not be suitable for the JV Group to do so. Also, the Directors believe that projects falling within the investment criteria will be sizeable projects which will more likely be suitable for joint development with a sizeable partner to help the Group in diversifying funding resources and reducing funding pressure. Accordingly, the Directors believe that the Joint Venture, notwithstanding the exclusivity restrictions under the Subscription and Shareholders’ Agreement, will only strengthen and not inhibit the Group’s operation and investment strategy and its ability to maintain its presence and operation in the property development and investment market in Hong Kong, as well as a level of property development activities as it considers desirable in the interests of the Company and the Shareholders. The exclusivity was decided following arm’s length negotiations between the parties, and given the benefits that the Joint Venture are expected to bring to the Group, the Directors believe that it is fair and reasonable and in the interests of the Group.



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The sale of such properties held by the JV Group upon completion of development will be accounted for as of a revenue nature in the accounts of the JV Group. If the APG JV Partner exercises the Re-Up Option, the newly formed joint venture vehicle shall also be the exclusive vehicle of the Group to carry out the development and re-development of residential properties for sale in Hong Kong during the investment period of the new joint venture on similar basis as aforementioned, and such newly formed joint venture vehicle will be a 50% jointly-owned entity of the Company and the financial results of such joint venture vehicle and its subsidiary(ies) will not be consolidated into the consolidated financial statements of the Group. As the joint venture will not be consolidated into the Group, revenue recognised from the sales of properties will not be reflected in the Group's financial statements. However, the Group will share 50% of the profit of the sales of properties through the equity method of accounting and the number of projects that the Group can develop as a result of this joint venture shall effectively be doubled with capital contribution from the APG JV Partner. As the Manager will be the manager of all these projects undertaken by the JV Group, the Directors believe that the Group's total profit will improve as a result of the formation of joint venture with the APG JV Partner.

### **Further information on the operation of the JV Company**

Further to the terms of the Subscription and Shareholders' Agreement, the APG JV Partner, the WOP JV Partner and the JV Company shall procure that the relevant member(s) of the JV Group acquiring the Seed Projects (or any other members holding any property projects of the JV Group from time to time) shall appoint the Manager as the asset manager to provide property asset management services to the JV Group for a management fee comprising a fixed fee and a performance fee determined with reference to the performance of property projects managed by the Manager.

### **Guarantee**

Pursuant to the Subscription and Shareholders' Agreement, the Company guarantees to the APG JV Partner the due observance and performance by the WOP JV Partner of all its obligations and commitments under the Subscription and Shareholders' Agreement.

### **THE DISPOSAL**

Simultaneously with completion of the Investment, the JV Company shall enter into the Sale and Purchase Agreements with the Sellers, all being indirect wholly-owned subsidiaries of the Company, pursuant to which the JV Company shall purchase the Disposal Subsidiaries from the Group at an initial aggregate consideration of approximately HK\$3,001,457,000, subject to further adjustment.

### **Subject matter**

- (i) one ordinary share of Seed Project 1 Holdco, representing the entire issued share capital of Seed Project 1 Holdco, and the loan owing by Seed Project 1 Holdco (being the owner of Seed Project 1) to Seller 1 on the date of completion of the Disposal;



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## LETTER FROM THE BOARD

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- (ii) one ordinary share of Seed Project 2 Holdco, representing the entire issued share capital of Seed Project 2 Holdco, and the loan owing by Seed Project 2 Holdco (being the owner of Seed Project 2) to Seller 2 on the date of completion of the Disposal;
- (iii) one ordinary share of Seed Project 3 Holdco, representing the entire issued share capital of Seed Project 3 Holdco, and the loan owing by Seed Project 3 Holdco (being the owner of Seed Project 3) to Seller 3 on the date of completion of the Disposal; and
- (iv) one ordinary share of Seed Project 4 Holdco, representing the entire issued share capital of Seed Project 4 Holdco, and the loan owing by Seed Project 4 Holdco to Seller 4 on the date of completion of the Disposal. Seed Project 4 Holdco indirectly holds over 90% legal and beneficial ownership of Seed Project 4.

All Seed Projects will be sold on an “as is” basis.

### **Consideration**

#### ***Seed Project 1 Holdco***

An initial sum of approximately HK\$558,824,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 1 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

#### ***Seed Project 2 Holdco***

An initial sum of approximately HK\$1,066,415,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 2 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

#### ***Seed Project 3 Holdco***

An initial sum of HK\$451,278,000 payable on completion.

The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 3 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

#### ***Seed Project 4 Holdco***

An initial sum of approximately HK\$924,940,000 payable on completion.

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## LETTER FROM THE BOARD

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The consideration shall be adjusted such that an amount equal to the difference between the initial sum for Seed Project 4 Holdco and (i) the Net Asset Value, if more than zero (if any), shall be added to the consideration; or (ii) the Net Liabilities shall be deducted from the consideration.

The consideration for the Disposal Subsidiaries shall be paid by the JV Group in cash upon completion of the Disposal Subsidiaries by way of (i) the direction of all the payment under the promissory notes received from the WOP JV Partner in favour of the Sellers for the amount of HK\$632,919,999, and (ii) the payment in cash for the remaining amount of HK\$2,368,537,001, which shall be financed by capital calls made by the JV Company on the JV Partners.

The consideration for the Disposal Subsidiaries was determined based on arm's length negotiations between the parties with reference to the Group's investment cost in respect of the Seed Projects. As the re-development of Seed Project 1, Seed Project 2 and Seed Project 4 have not yet commenced and the foundation works for Seed Project 3 have only just commenced, the Directors consider that it is fair and reasonable to determine the consideration for the Disposal Subsidiaries based on the investment cost, comprising principally of the acquisition cost of the Seed Projects incurred and estimated to be required for completing the acquisition of the Seed Projects since 31 July 2021, together with other stamp duty, construction and legal costs, consultancy fees and interest expenses to be incurred up to completion of the relevant Sale and Purchase Agreements, instead of the market value of the Seed Projects. Having considered the valuation reports for the Group's property projects (including the Seed Projects) previously prepared by an independent property valuer prior to the commencement of any construction works on those projects, and based on the latest discussions with the property valuer to be appointed for the purposes of preparing valuation reports of the Seed Projects in relation to the Disposal, the Directors consider that there is no material difference between the investment cost and the market value in respect of the Seed Projects and as such, do not expect there to be any re-valuation gain or loss on the Seed Projects with reference to their market value prior to the Disposal.

The net proceeds, being the total consideration net of the promissory notes issued by the WOP JV Partner, will be used to fund part of the WOP JV Partner's share of the Maximum Capital Commitment and for repayment of bank loan(s) of the Group.

### **Conditions precedent**

Unless a material adverse change occurs in relation to any one of Seed Project 1, Seed Project 2, Seed Project 3 or the relevant Disposal Subsidiary holding such Seed Project and the APG JV Partner exercises its right as described in the section headed "Formation of Joint Venture – The Subscription and Shareholders' Agreement – Conditions precedent" above, all the Sale and Purchase Agreements will be signed upon completion of the Investment. Completion of the Disposal of Seed Project 4 Holdco is conditional upon the following additional conditions precedent:

- (i) completion of the acquisition of the remaining outstanding unit in Seed Project 4; and
- (ii) obtaining either re-financing of existing loan(s) in respect of Seed Project 4 or the receipt of written consent from the lender(s) of existing loan(s) in respect of Seed Project 4 that completion of the Disposal of Seed Project 4 Holdco may occur.

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## LETTER FROM THE BOARD

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If the conditions precedent set out above are not fulfilled or waived (as the case may be) on or before the date falling within 6 months from the date of the Sale and Purchase Agreement for the Disposal of the Seed Project 4 Holdco, or such later date as the parties may agree in writing, such Sale and Purchase Agreement shall terminate automatically, and the investment funds for the acquisition of the Seed Project 4 Holdco shall be used by the JV Group to invest in other suitable projects identified during the Investment Period.

If the total consideration payable on completion for the Disposal of Seed Project 4 Holdco is more than 5% higher than the initially agreed consideration (i.e. HK\$924,940,000), the APG JV Partner shall have the right to enter into good faith discussion with the WOP JV Partner to agree within 5 business days whether such completion shall take place, notwithstanding the completion of the acquisition of the remaining outstanding unit in Seed Project 4.

### **Completion**

Completion of the disposal of Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco shall take place on the date of the relevant Sale and Purchase Agreement, or such other date as may be agreed between the parties. Completion of the disposal of Seed Project 4 Holdco shall take place following the satisfaction of the conditions precedent set out above are satisfied (or waived, as the case may be) or on such other date as agreed between the parties.

Upon completion of the Disposal, the Disposal Subsidiaries will cease to be subsidiaries of the Company and their financial results will not be consolidated into the consolidated financial statements of the Group, and the JV Company will indirectly hold 100% interest in the Disposal Subsidiaries.

### **THE OPTIONS**

Pursuant to the terms of the Subscription and Shareholders' Agreement, the JV Partners shall grant to each other (as applicable) the following options (collectively the "Options"):

**(i) Default including a default on Key-man Event**

*Subject matter*

In case of a default of certain material terms identified in the Subscription and Shareholders' Agreement by the APG JV Partner, the WOP JV Partner may require the APG JV Partner to sell, or where it is a default by the WOP JV Partner, the APG JV Partner may require the WOP JV Partner to buy, all equity and loan of the APG JV Partner in the JV Company.

As the WOP JV Partner actively operates and manages the Seed Projects (and any future projects to be held by the JV Group), buying out the APG JV Partner in the event of default will allow the WOP JV Partner to retain the property projects, which is in the interests of the Group.

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## LETTER FROM THE BOARD

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### *Exercisable period*

Any time after a default is committed by the APG JV Partner or, as the case may be, by the WOP JV Partner.

### *Exercise price*

95% (in the case of the WOP JV Partner exercising the option) or 105% (in the case of the APG JV Partner exercising the option) of the Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

## **(ii) Change of Control**

### *Subject matter*

Where a Change of Control Event arises, the APG JV Partner may require the WOP JV Partner to buy all equity and loan of the APG JV Partner in the JV Company.

### *Exercisable period*

Any time after a Change of Control Event arises and is not remedied within 15 business days thereafter.

### *Exercise price*

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

## **(iii) Deadlock**

### *Subject matter*

Where a deadlock in the operation of the JV Group as determined in accordance with terms of the Subscription and Shareholders' Agreement arises, either JV Partner may offer to buy all equity and loan of the other in the JV Company, the earlier offer of which, or if made simultaneously, the offer with the higher price, will prevail, and such JV Partner shall take into account the latest annual valuation reports in respect of all the properties held by the JV Group from time to time prepared by the property valuer when determining the offer price for its offer. The receiving party of the offer that prevails may give notice in response to the initiating party to either (a) accept the offer in full and sell all its equity and loan in the JV Company; or (b) purchase all the equity and loan of the initiating party in the JV Company at the price of the offer. In the case of (b) above, the initiating party shall be bound to sell all its equity and loan to the receiving party.

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## LETTER FROM THE BOARD

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### *Exercisable period*

Any time when a deadlock arises as determined in accordance with the terms of the Subscription and Shareholders' Agreement has arisen.

### *Exercise price*

Such price as set out in the offer that prevails, subject to the Cap.

#### **(iv) Final Exit**

### *Subject matter*

Where the JV Group fails to dispose of all its property projects, the APG JV Partner may require the WOP JV Partner to acquire all equity and loan of the APG JV Partner.

### *Exercisable period*

Any time when the JV Group fails to dispose all its outstanding property projects by the later of (i) 3 months from the expiry of the term of the JV Company, currently 7 years from the Completion Date, and (ii) 6 months after deciding the final exit plan or the final date for determining such plan (whichever is the later).

### *Exercise price*

Fair Market Price of all equity and loan of the APG JV Partner in the JV Company, subject to the Cap.

#### **Completion**

Completion of the Options shall take place 60 days after the relevant Option is exercised or, in the case of the Option granted in a deadlock, 10 business days after the response notice is issued. Following completion of the Option where the WOP JV Partner is required to buy the equity and loan of the APG JV Partner, the JV Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. Following completion of the Option(s) where the WOP JV Partner is required to sell its equity and loan in the JV Company, the WOP JV Partner will cease to hold any interests in the JV Company.

Any exercise price payable by the WOP JV Partner in the completion of any Option is expected to be funded out of the Group's internal resources and external financing available at the relevant time. Any proceeds received by the WOP JV Partner will be used for working capital purposes.

In the event where the APG JV Partner exercises the Re-Up Option, the JV Partners will grant to each other the same set of Options in respect of their interest in the new joint venture vehicle on the same terms as set out above (i.e. the Re-Up JV Options) subject to a cap amount of HK\$3,602,000,000, which is the same amount as the Cap (i.e. the Re-Up Cap).

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## LETTER FROM THE BOARD

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Both the Cap and the Re-Up Cap were calculated based on the maximum amount of the capital commitment to be contributed by each JV Partner in the JV Company and the new joint venture in the event the Re-Up Option is exercised, each being HK\$2,334,000,000 and assuming a growth in value in line with the growth of the Hong Kong residential market in the past 10 years (expected to be approximately 6.4% per annum) on a cumulative basis over the term of the JV Company of 7 years.

### **INFORMATION ON THE JV COMPANY, THE DISPOSAL SUBSIDIARIES AND THE SEED PROJECTS**

The JV Company is an investment holding company incorporated in Hong Kong on 28 July 2021 with no current operations. Upon completion of the Investment, it will be principally engaged in the acquisition for development and re-development of residential properties in Hong Kong which satisfies the investment criteria to be agreed between the JV Partners from time to time for sale.

The JV Company has no operations as at the date of this circular and its unaudited net asset value as at 30 September 2021 was nil.

The Disposal Subsidiaries are companies incorporated in the British Virgin Islands with limited liability for investment holding purpose with no other major assets besides their indirect interests in the Seed Projects. The Disposal Subsidiaries are indirect wholly-owned subsidiaries of the Company prior to completion of the Disposal.

The Seed Projects have an aggregate gross floor area of approximately 250,300 square feet and comprise the following:

- (a) Seed Project 1, being the residential and commercial units located at No.s 34 and 36 Main Street, Ap Lei Chau, Hong Kong and No.s 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 38,600 square feet, part of which is subject to existing tenancies expiring in or before January 2022 with an aggregate monthly rental of approximately HK\$138,000;
- (b) Seed Project 2, being the residential and commercial units located at No.s 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong, with a total gross floor area of approximately 81,000 square feet, vacant possession to be obtained before end of December 2021;
- (c) Seed Project 3, being the residential and commercial units located at No.s 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong, with a total gross floor area of approximately 37,000 square feet and which foundation works are currently being carried out and expected to be completed by June 2022; and

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## LETTER FROM THE BOARD

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- (d) Seed Project 4, being the residential building known as Rainbow House located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and the residential building known as Cheng Fung Mansion located at No.s 31 – 41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong. Seed Project 4 has a total gross floor area of approximately 93,700 square feet, part of which is subject to existing tenancies expiring on or before February 2022 with an aggregate monthly rental of approximately HK\$243,000. Seed Project 4 Holdco has acquired all the units in Cheng Fung Mansion except for 1 unit therein, which is the subject of an application for a compulsory sale process under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), and a hearing by the Lands Tribunal for setting the reserve price for the purpose of conducting the compulsory sale has been fixed to be held in December 2021.

### Financial information of the Disposal Subsidiaries

Set out below is a summary of the audited consolidated financial information for the years ended 31 March 2020 and 2021 of the Disposal Subsidiaries:

	<b>Period from 5 October 2020 (date of incorporation) to 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
	<i>Approximately HK\$ '000 (audited)</i>	<i>Approximately HK\$ '000</i>
<i>Seed Project 1 Holdco and its subsidiary</i>		
Net loss before taxation	7	N/A (as the Seed Project 1 Holdco was established on 5 October 2020)
Net loss after taxation	7	N/A (as the Seed Project 1 Holdco was established on 5 October 2020)

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## LETTER FROM THE BOARD

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The unaudited net liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021 was approximately HK\$599,000.

	<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(audited)	(audited)
<i>Seed Project 2 Holdco and its subsidiary</i>		
Net profit/(net loss) before taxation	686	(2,140)
Net profit/(net loss) after taxation	686	(2,140)

The unaudited net liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021 was approximately HK\$3,605,000.

	<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
<i>Seed Project 3 Holdco and its subsidiary</i>		
Net loss before taxation	1,482	8
Net loss after taxation	1,482	8

The unaudited net liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021 was approximately HK\$1,497,000.

	<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
<i>Seed Project 4 Holdco and its subsidiaries</i>		
Net loss before taxation	1,298	34
Net loss after taxation	1,298	34

The unaudited net liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021 was approximately HK\$1,339,000.



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## LETTER FROM THE BOARD

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### FINANCIAL IMPACT OF THE TRANSACTIONS

It is estimated that the Group will record a loss on the Disposal in the amount of approximately HK\$3,100,000, based on the initial consideration for the Disposal and taking into account the net liabilities of, and the outstanding loans remaining after repayments made by the Disposal Subsidiaries up to and as at 30 September 2021, and the additional cost spent and estimated to be required for completing the acquisition of the Seed Projects since 30 September 2021. The actual loss will be subject to review by the auditors of the Company.

In relation to the impact of a disposal of all the Company's interest in the JV Company on the exercise of the Option(s), the Directors believe the Fair Market Price of such interest immediately after completion of the Investment should be close to the initial total consideration for the Disposal, and accordingly also believe that there should not be a substantial increase in the loss that the Group will need to record arising from such sale. The actual loss will only be ascertained if and when the relevant Option(s) is exercised, which in turn will depend on the fair market value of properties then held by the JV Company at the relevant time, being the average of two valuations as valued by two property valuers, each being appointed by a JV Partner, respectively.

The excess of the initial aggregate consideration of approximately HK\$3,001,457,000 over the unaudited net asset value of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021 amounted to approximately HK\$10,451,000.

### REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board considers that the co-operation with the APG JV Partner under the Subscription and Shareholders' Agreement presents a good opportunity to leverage on the Group's knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand its business. This joint venture (and the new joint venture vehicle that may be established with the APG JV Partner utilising the Re-Up Commitment from both JV Partners, if the Re-Up Option is exercised) will also enable the Group to tap into a bigger pool of funds from the APG JV Partner to build a bigger portfolio of sizeable projects and to help expand its property asset management business for additional stable property asset management fee.

The Disposal Subsidiaries and the related Seed Projects represent only the initial development projects to be carried out through the JV Group. The Group will actively explore suitable investment opportunities for the JV Company to make full use of the Maximum Capital Commitment to expand the development projects portfolio of the JV Group.

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## LETTER FROM THE BOARD

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The Directors consider that (i) the Joint Venture and the terms of the Subscription and Shareholders' Agreement; (ii) the Disposal and the terms of the Sale and Purchase Agreements; and (iii) the grant and the exercise of the Options and the Re-Up JV Options are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### IMPACT ON THE GROUP FOLLOWING THE DISPOSAL

Following completion of the Disposal, the Remaining Group will continue to be principally engaged in property development and property investment in Hong Kong.

The residential land bank attributable to the Remaining Group is approximately 348,600 square feet in gross floor area. The new developments comprise, and will be comprised of, different types of residential products to suit the various needs of different homebuyers. The Remaining Group currently wholly-owns (i) "The Met. Azure" located at the junction of Liu To Road and Hang Mei Street, Tsing Yi, with a total of 320 residential units and a gross floor area of approximately 90,000 square feet and which pre-sale has taken place in August 2021; and (ii) a site located at 50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui with a gross floor area of approximately 61,500 square feet and which is currently undergoing demolition works. Save for the aforementioned properties, the Remaining Group is also developing, together with certain joint venture partners, (i) a luxury residential project, with 7 houses, located at No.s 86A-86D Pokfulam Road with a gross floor area of approximately 28,500 square feet and which is currently undergoing foundation works, owned as to 70% by the Remaining Group; and (ii) the site located at 101 and 111 King's Road, Fortress Hill with a gross floor area of approximately 129,400 square feet and demolition works which are expected to commence at the year-end of 2021, owned as to 40% by the Remaining Group.

The Company has in the past been actively pursuing different types of development and re-development opportunities, holding a broad base of projects of different sizes, scales and nature, covering projects under its portfolio that fall within and outside the investment criteria of the JV Company. The most recent completed projects, all of which were acquired through government tender and thus fall outside the investment criteria, include (i) "The Met. Blossom", which has a gross floor area of approximately 200,000 square feet; (ii) "The Met. Bliss", which has a gross floor area of approximately 115,000 square feet; and (iii) "The Met. Acappella", which has a gross floor area of approximately 148,000 square feet. Going forward, it is the intention of the Company to continue to actively explore different types of development and re-development investment opportunities, whether they fall inside or outside those investment criteria, and will continue to build its land bank by way of bidding for government land and project acquisition, favouring sites with convenient transportation and comprehensive community facilities. Currently, in addition to the residential re-development projects owned and developed by the Remaining Group as mentioned above, the Group is also considering the potential of a number of possible residential re-development projects that fall outside the investment criteria, which have a total potential development gross floor area of approximately 610,000 square feet, to replenish its development land bank in the years ahead.

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## LETTER FROM THE BOARD

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The Remaining Group will be interested in 50% of the JV Group and share in 50% of the profits to be generated by the JV Group, and will also be entitled to all the management fees from the Manager's provision of property asset management services to the JV Group. Such profits and proceeds shall be distributed to the Remaining Group by way of dividend and repayment of shareholder's loan and used as working capital of the Remaining Group, including for the acquisition of new residential properties for development for sale.

By cooperating with different business partners, the Remaining Group expects to bring into full play advantages of its brand and commercial property asset management expertise, which enhances recurring income stream and capital gain.

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

### INFORMATION ON THE PARTIES

The WOP JV Partner is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. The Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for capital appreciation.

The Manager is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in providing property management services.

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through the Company; (iii) manufacturing and/or retailing of pharmaceutical and health food products through Wai Yuen Tong Medicine Holdings Limited (Stock Code: 897), its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through China Agri-Products Exchange Limited (Stock Code: 149), a 53.37%-owned listed subsidiary of Wai Yuen Tong Medicine Holdings Limited.

The Sellers are companies incorporated in the British Virgin Islands with limited liability and are indirect wholly-owned subsidiaries of the Company. They are principally engaged in investment holding.

The APG JV Partner, which is established in the Netherlands, is the depositary of APG Strategic Real Estate Pool (the "Pool"). The Pool is a fund formed for the purpose of collective investments by its participants, all being Dutch pension funds. The Pool is established as a fund for joint account (fonds voor gemene rekening) under Dutch laws. It is not a legal entity but a contractual arrangement between the APG JV Partner, APG Asset Management N.V., a licensed investment manager in the Netherlands as its manager, and its participants which invest in it through subscribing an interest in it.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Joint Venture (being the aggregate of the Company's Total Capital Commitment and the Re-Up Commitment) exceeds 100% for the Company, the Joint Venture constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75% for the Company, the Disposal constitutes a very substantial disposal for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of both the Cap and the Re-Up Cap exceeds 100% for the Company, the grant or the exercise of the Options and the Re-Up JV Options each constitutes a very substantial acquisition and a very substantial disposal (as applicable) for the Company under Chapter 14 of the Listing Rules and is or will, as applicable, therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### THE SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be convened at Unit 1103-06, China Building, 29 Queen's Road Central, Hong Kong, on Thursday, 23 December 2021 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Transactions. The record date for the determination of the entitlement to attend and vote at the SGM will be the close of business on Thursday, 23 December 2021. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Friday, 17 December 2021 at 4:30 p.m., Hong Kong time.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend and vote at the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy shall be deemed to be revoked.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates has any material interest in the Transactions, thus no Shareholder is required to abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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### VOTING UNDERTAKINGS OBTAINED

Mr. Tang Ching Ho has irrevocably undertaken to each of WOG and the JV Company to vote all of the shares in WOG beneficially held by him and held through entities wholly-owned by him, being 1,045,941,645 shares in WOG (representing approximately 6.28% of the total issued share capital of WOG), in favour of the resolutions to be proposed at WOG's special general meeting, whereas WOG has irrevocably undertaken to each of the Company and the JV Company to vote all of the Shares directly or indirectly held by it, being 11,400,000,000 Shares (representing 75% of the total issued share capital of the Company), in favour of the resolutions to be proposed at the SGM, subject to obtaining the requisite approval from WOG's shareholders in accordance with the Listing Rules.

Mr. Tang Ching Ho is the chairman and an executive director of WOG and is deemed to be interested in 7,780,645,772 shares of WOG, representing approximately 46.71% of the total issued share capital of WOG, and accordingly all of the 11,400,000,000 Shares held by WOG, representing 75% of the issued share capital of the Company, for the purpose of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### RECOMMENDATION

For the reasons set out above, the Directors consider that (i) the Joint Venture and the terms of the Subscription and Shareholders' Agreement; (ii) the Disposal and the terms of the Sale and Purchase Agreements; and (iii) the grant and the exercise of the Options and the Re-Up JV Options are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**WANG ON PROPERTIES LIMITED**  
宏安地產有限公司  
**Tang Ho Hong**

*Executive Director and Chief Executive Officer*

**1. FINANCIAL INFORMATION**

Financial information of the Group for each of the three years ended 31 March 2019, 2020 and 2021, and for the six months ended 30 September 2021 are disclosed in the annual reports of the Company for the years ended 31 March 2019 (pages 114 to 246), 2020 (pages 108 to 242) and 2021 (pages 76 to 218), and the interim results announcement of the Company for the six months ended 30 September 2021, respectively, which are published on both the websites of HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.woproperties.com/>) and which can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 March 2019 dated 25 June 2019 (pages 114 to 246):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltm20190730535.pdf>

- (2) annual report of the Company for the year ended 31 March 2020 dated 29 June 2020 (pages 108 to 242):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0722/2020072200865.pdf>

- (3) annual report of the Company for the year ended 31 March 2021 dated 28 June 2021 (pages 76 to 218):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0727/2021072700179.pdf>

- (4) interim results announcement of the Company for the six months ended 30 September 2021 dated 22 November 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1122/2021112201146.pdf>

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank and other loans of approximately HK\$5,087.7 million, of which bank loans with an aggregate amount of approximately HK\$2,911.2 million were secured by the Group's property, plant and equipment, investment properties and certain rental income generated therefrom, properties held for sale, properties under development and share charges in respect of the entire interests of eleven subsidiaries of the Group, which are engaged in property investment and development. The carrying values of the Group's property, plant and equipment, investment properties, properties held for sale and properties under development as at 31 October 2021, which were pledged to secure the Group's bank loans, amounted to approximately HK\$86.9 million, HK\$80.0 million, HK\$580.0 million and HK\$5,821.8 million, respectively. In addition, the Group's unsecured bank loans in the aggregate amount of approximately HK\$1,971.8 million were guaranteed by corporate guarantees provided by

the Company as at 31 October 2021. The Group had unsecured other loans of approximately HK\$204.7 million as at 31 October 2021. The Group's secured bank loans bear contractual interest rate at HIBOR plus 1.2% to 1.79%, whilst the Group's unsecured bank and other loans bear contractual interest rate at HIBOR plus 1.95% to 2.05% and 6%, respectively. The Group provided guarantees to banks in respect of banking facilities extended to joint ventures in an amount not exceeding HK\$450.8 million. Moreover, the Group's lease liabilities amounted to approximately HK\$3.6 million as at 31 October 2021.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 October 2021, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or material contingent liabilities.

### **3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published consolidated financial statements of the Group were made up.

### **4. WORKING CAPITAL STATEMENT**

Taking into account the financial resources available, including internally generated funds and available banking facilities, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.



**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation. There is no change in the Group's principal activities since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of the transactions.

The uncertainty associated with a resurgence in COVID-19 infections continue to exist in this financial year. With the launch of massive vaccination programme around the world and the relaxing of social-distancing measures, major economies are expected to continue to recover gradually.

In Hong Kong, many developers have launched sales campaigns of residential projects in the past twelve months. The contract sales remain resilient with the support of low-interest rate environment and concrete demands from end-users and investors.

The Group will monitor the market trends and changes closely and is still optimistic on the Hong Kong property markets.

In the asset management and property investment sector, the Group will continue to identify quality investments to broaden our portfolio for a stable recurring income base and long-term value for shareholders.

The Group will continue looking for and evaluating available opportunities in property acquisition and collaboration with strategic partners to strengthen its real estate business.

**6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP AFTER THE DISPOSAL OF THE JV GROUP**

Set out below is the management discussion and analysis of the Remaining Group's business and performance after the disposal of the JV Group for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021 and the audited consolidated financial statements of the Group for each of the financial years ended 31 March 2021, 2020 and 2019, respectively.



**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021****Financial Results**

The Remaining Group's revenue and profit attributable to owners of the parent for the six months ended 30 September 2021 amounted to approximately HK\$6.0 million (six months ended 30 September 2020: approximately HK\$250.3 million) and approximately HK\$147.7 million (six months ended 30 September 2020: approximately HK\$70.6 million), respectively. The profit for the year was mainly attributable to the completion of jointly developed property projects and share of profits recognised from joint ventures.

**Business Review***Property Development*

No revenue recognised in this business segment during the reporting period as only the two joint venture projects had sales recognition (six months ended 30 September 2020: approximately HK\$245.4 million).

The delivery of remaining stocks of two joint venture projects, namely maya and Altissimo, in the reporting period contributed approximately HK\$141.7 million net profit to the Remaining Group.

“maya”, which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by the Remaining Group together with CIFI Holdings (Group) Co. Ltd (“CIFI”). As at 30 September 2021, 306 out of 326 units released have been sold and the aggregate sales proceeds amounted to approximately HK\$3.8 billion. The Remaining Group owns 50% equity interest in this development project and is responsible for project management.

The Remaining Group's Whitehead project (No.11 Yiu Sha Road, Ma On Shan), “Altissimo”, is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at 30 September 2021, 510 of the 547 units released have been sold and the aggregate sales proceeds amounted to approximately HK\$5.6 billion. The Remaining Group owns 40% equity interest in this development project.

The Met. Azure project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192), the latest project of “The Met.” series, was launched in August 2021. Approximately 80% of the units are studio flats and the others are one-bedroom and specific-designed units. The project was well-received and sought after by single people, branch families and young home buyers. As at 30 September 2021, 196 out of 320 units released have been sold with contracted sales of approximately HK\$905.7 million. The super structure work is currently undergoing at the site and the units are expected to be delivered in the fourth quarter of 2022.

In January 2021, the Remaining Group has successfully completed the acquisition of the site located at 50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui through compulsory sales. The gross floor area is approximately 61,500 square feet and the site is currently under foundation work. This project will be redeveloped into “The Met.” series.

In October 2020, the Remaining Group and CIFI formed a new joint venture group (the “**King’s Road JV Group**”), in which CIFI and the Remaining Group own 60% and 40% equity interest, respectively. The King’s Road JV Group has acquired 101-111 King’s Road, Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 12,400 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King’s Road are positioned at a convenient location within only a few minutes’ walk to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. This project is in the planning stage.

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

As at 30 September 2021, the Remaining Group’s development land portfolio is as follows:

Location	Approximate site area (Square feet)	Approximate gross floor area (Square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
86A – 86D Pokfulam Road	28,500	28,500	Residential	2023	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%
50-62 Larch Street and 6-8 Lime Street Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024	100%
No. 101 and No. 111, King’s Road, Fortress Hill	12,400	129,400	Residential and Commercial	2025	40%

*Property Investment*

As at 30 September 2021, the Remaining Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$580.0 million (31 March 2021: approximately HK\$571.2 million).

During the reporting period, the Remaining Group received gross rental income of approximately HK\$6.0 million (six months ended 30 September 2020: approximately HK\$4.9 million), representing an increase of approximately 22.4%. The increase in gross rental income was primarily attributable to new leases entered into with tenants and completion of rent-free period during the reporting period.

In June 2021, the Remaining Group and three independent third parties formed a new joint venture group (the "**Parkville JV**"), in which the Remaining Group owns 64%. The other three partners are independent third parties to the Group and all their ultimate beneficial owners are experienced investors, namely Mr. Chiu Lou Ronald, Mr. Bryan Taft Southergill and Mr. Choi, Raymond Yat-Hong. The Parkville JV acquired 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (the "**Parkville Property**") for a consideration of HK\$300 million. The Parkville Property has a total gross floor area of 13,858 square feet and is situated at Tuen Mun Heung Sze Wui Road intersecting Luk Yuen Street. It enjoys excellent traffic from one of the busiest roads with well-developed neighborhood. The only 3-minute walk from Tuen Mun MTR Station, Tuen Mun Light Rail Station, Tuen Mun commercial centre, transportation hub with cross border coach terminal and the affiliated large scale shopping mall via footbridge further brings vibrancy and creates prosperity. The Parkville JV will further refurbish the Parkville Property to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increase the future rental value, thereby enhancing the future capital appreciation. Details of the transaction are set out in the joint announcements published by the Company and WOG dated 30 March 2021 and 21 June 2021, respectively.

In September 2021, the Remaining Group partnered with an independent third party, Jumbo Holding (BVI) L.P. ("**Jumbo Holding**") to form a joint venture (the "**Jumbo JV**") to acquire eight stories of carpark podium of Jumbo Court, No.3 Welfare Road, Aberdeen, Hong Kong (the "**Jumbo Property**") for a consideration of HK\$410.3 million. Jumbo Holding is a limited partnership established in the British Virgin Islands, with its general partner, AGR X Asia Member GP, L.L.C, being managed by Angelo, Gordon & Co, L.P ("**AG**"), a well-known U.S. licensed investment manager. The limited partners of Jumbo Holding are investment funds managed by AG with wide investor bases, and all eligible investors are "qualified purchasers" under the U.S. Investment Company Act of 1940. Such investment funds are not single purpose investment funds. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is a few minutes walking distance from the Wong Chuk Hang MTR Station. Given its proximity to major residential developments and the MTR comprehensive development above the Wong Chuk Hang MTR Station which is scheduled to provide approximately 3.9 million square feet of residential gross floor area in 5,200 units and 510,000 square feet of retail space, it is expected that the Jumbo

Property could meet the huge demand for parking spaces once the comprehensive development is completed in phases. The Jumbo JV will renovate the Jumbo Property to optimise the rental return and enhance the capital appreciation. Details of the transaction are set out in the joint announcement published by the Company and WOG dated 23 September 2021.

The Remaining Group has also partnered with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) to own two commercial accommodations, known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The Remaining Group has 50% equity interest in each project. The Remaining Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at 30 September 2021, Lake Silver is fully let and The Parkside has an occupancy rate over 90%.

On 30 July 2021, the Remaining Group has entered into the provisional agreement to sell the issued share and shareholder’s loan of the holding company of the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong, for a consideration of HK\$515.0 million. This transaction was completed on 26 October 2021. The Remaining Group considered that this disposal will enable the reallocation of resources into future investment opportunities and pursue other growth opportunities. For the detailed information, please refer to the Company’s announcement and circular issued on 30 July 2021 and 21 September 2021, respectively.

The Remaining Group will keep looking for opportunities to expand its investment properties portfolio through both self-acquisition and strategic partnership. By utilising the Remaining Group’s expertise in asset management, it would seek to secure its existing the recurring rental and asset management income and explore strategic expansion opportunities for additional recurring income and capital appreciation.

### **Liquidity and Financial Resources**

As at 30 September 2021, the Remaining Group’s total assets less current liabilities were approximately HK\$7,680.0 million (31 March 2021: approximately HK\$7,433.2 million) and the current ratio was approximately 4.1 times (31 March 2021: approximately 3.2 times). As at 30 September 2021, the Remaining Group had cash and cash equivalents of approximately HK\$696.1 million (31 March 2021: approximately HK\$622.6 million).

Aggregate bank borrowings as at 30 September 2021 amounted to approximately HK\$4,032.1 million (31 March 2021: approximately HK\$3,882.9 million). The gearing ratio was approximately 66.2% (31 March 2021: approximately 64.8%), calculated with reference to the Remaining Group’s total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2021, the Remaining Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$87.5 million, HK\$580.0 million, HK\$3,188.7 million and HK\$580 million, respectively (31 March 2021: approximately HK\$84.6 million, HK\$571.2 million, HK\$3,066.2 million and HK\$580.0 million, respectively), were pledged to secure the Remaining Group’s general banking facilities.

The Remaining Group's capital commitment as at 30 September 2021 amounted to approximately HK\$933.6 million (31 March 2021: approximately HK\$478.1 million). In addition, as at 30 September 2021 the Remaining Group did not have share of joint ventures' own capital commitments amounted to approximately nil (31 March 2021: approximately HK\$145.0 million). The Remaining Group has given guarantee to banks in connection with facilities granted to a joint venture up to HK\$450.8 million (31 March 2021: nil) and were utilised to the extent of HK\$435.4 million as at 31 March 2021 (31 March 2021: nil). Save as disclosed herein, the Remaining Group had no significant contingent liabilities as at the end of the reporting period.

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

#### **Treasury Policy**

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

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

#### **Foreign Exchange**

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

**Debt Profile and Financial Planning**

As at 30 September 2021, interest-bearing debt profile of the Remaining Group was analysed as follows:

	<b>30 September 2021 HK\$'000</b>	31 March 2021 HK\$'000
Bank loans repayable:		
Within one year or on demand	<b>1,623,302</b>	1,708,007
In the second year	<b>793,490</b>	1,036,292
In the third to fifth year, inclusive	<b>1,615,327</b>	1,138,590
	<b>4,032,119</b>	3,882,889
Other loans repayable		
In the second year	<b>204,730</b>	202,270
	<b>4,236,849</b>	4,085,159

The effective interest rate of bank loans was approximately 2.3% per annum (31 March 2021: approximately 1.8%) and other loans carried at a fixed interest at 6% (31 March 2021: 6%) per annum.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

Save as disclosed above, during the six months ended 30 September 2021, the Remaining 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 2021, the Remaining Group had 141 (31 March 2021: 136) employees in Hong Kong. The Remaining 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 Remaining Group also provides a defined contribution to the Mandatory Provident Fund (“MPF”) as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

## Prospects

Despite the spreading of COVID-19 mutations and new variants worldwide, the Hong Kong economy continues to recover gradually. Domestic consumption and purchasing power are resilient that the contract sales of residential projects contributed by various Hong Kong developers are promising.

To achieve sustainable operation of the Remaining Group in the long run, the Remaining Group has actively participated in the tender for land reserve. In facing the fierce competition, the Remaining Group has also explored other collaborations with external parties for development opportunities. Further resources will be dedicated to property development business and residential and commercial projects.

The Remaining Group will continue to monitor the market changes and adjust its investment strategies to capture the development opportunities and aim to achieve solid returns to its shareholders.

## FOR THE YEAR ENDED 31 MARCH 2021

### Financial Results

For the financial year ended 31 March 2021, the Remaining Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$314.8 million (2020: approximately HK\$2,372.1 million) and approximately HK\$468.8 million (2020: approximately HK\$459.5 million), respectively. The profit for the year was mainly attributable to the completion and delivery of jointly developed property projects and share of profits recognised from joint ventures. In the last financial year, the revenue and profit was mainly contributed by a wholly-owned property development project, The Met. Acappella.

### Business Review

#### *Property Development*

Revenue recognised in this business segment during the financial year amounted to approximately HK\$301.3 million (2020: approximately HK\$2,369.6 million) which was mainly attributable to the delivery of the remaining stocks of The Met. Acappella. In the second half of the financial year, two joint venture projects, namely maya and Altissimo were completed and handed over to buyers, and net profit of approximately HK\$569.1 million was recognised.

“maya”, which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by The Remaining Group together with CIFI. As at 31 March 2021, 277 out of 326 units have been sold and 265 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$3.4 billion and approximately HK\$3.1 billion, respectively. The Remaining Group owns 50% equity interest in this development project and is responsible for project management.



The Remaining Group's Whitehead project (No.11 Yiu Sha Road, Ma On Shan), "Altissimo", is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at 31 March 2021, 486 of the 547 units have been sold and 465 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$4.8 billion and approximately HK\$4.3 billion, respectively. The Remaining Group owns 40% equity interest in this development project.

The new "The Met." project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. It is situated in an easy-accessed location, within only a several-minutes ride from the Tsing Yi MTR Station, and is also connected with major highways, including the Tsing Ma Bridge, the Tai Lam Tunnel, and the Ting Kau Bridge of Tuen Mun Road. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. The Remaining Group believes The Met. Azure can meet different demands of single people, young families, and investors. It is expected that the pre-sale will take place in the third quarter in 2021.

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

In October 2020, the Remaining Group and CIFI formed a new joint venture group (i.e. the King's Road JV Group), in which CIFI and the Group own 60% and 40% equity interest, respectively. The King's Road JV Group has acquired 101 and 111 King's Road, Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 12,400 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King's Road are positioned at a convenient location within only a few minutes' walk to Fortress Hill MTR Station. The sites are planned to be re-developed into a residential project with commercial space. Demolition work is expected to be commenced in year end.

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



As at 31 March 2021, the Remaining Group's development land portfolio is as follows:

Location	Approximate site area (Square feet)	Approximate gross floor area (Square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
86A – 86D Pokfulam Road	28,500	28,500	Residential	2023	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%
50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024	100%
No. 101 and No. 111, King's Road, Fortress Hill	12,400	129,400	Residential and Commercial	2025	40%

#### *Property Investment*

As at 31 March 2021, the Remaining Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$571.2 million (31 March 2020: approximately HK\$654.1 million).

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

The Remaining Group has partnered with KKR to own two commercial accommodations, known as "Lake Silver" located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and "The Parkside" located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The Remaining Group has 50% equity interest in each project. The Remaining Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at 31 March 2021, Lake Silver is fully let and The Parkside has an occupancy rate over 85%.

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

### **Liquidity and Financial Resources**

As at 31 March 2021, the Remaining Group’s total assets less current liabilities were approximately HK\$7,433.2 million (2020: approximately HK\$7,203.5 million) and the current ratio was approximately 3.2 times (2020: approximately 3.6 times). As at 31 March 2021, the Remaining Group had cash and cash equivalents of approximately HK\$622.6 million (2020: approximately HK\$850.7 million). Aggregate bank borrowings as at 31 March 2021 amounted to approximately HK\$3,882.9 million (2020: approximately HK\$3,124.7 million). The gearing ratio was approximately 64.8% (2020: approximately 48.6%), calculated with reference to the Remaining Group’s total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2021, the Remaining Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$84.6 million, HK\$571.2 million, HK\$3,066.2 million and HK\$580.0 million, respectively (2020: approximately HK\$87.9 million, HK\$633.1 million, HK\$2,756.9 million and HK\$660.0 million, respectively), were pledged to secure the Remaining Group’s general banking facilities.

The Remaining Group’s capital commitment as at 31 March 2021 amounted to approximately HK\$478.1 million (2020: approximately HK\$203.2 million). In addition, the Remaining Group’s share of joint ventures’ own capital commitments amounted to approximately HK\$145.0 million (2020: approximately HK\$251.4 million). The Remaining Group has not given guarantee to banks in connection with facilities granted to its joint ventures as at 31 March 2021 (2020: three joint ventures up to approximately HK\$1,617.6 million and were utilised to the extent of approximately HK\$1,090.5 million). Save as disclosed herein, the Remaining Group had no significant contingent liabilities as at the end of the reporting period.

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

### Treasury Policy

The Remaining Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the financial year which are the general source of funds to finance the operation of the Remaining Group. The Remaining Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Remaining Group has entered into interest rate swap contracts for the purpose of converting part of the Remaining Group's borrowings from floating rates into fixed interest rate in order to mitigate the interest rate risk.

### Foreign Exchange

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

### Debt Profile and Financial Planning

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

	<b>31 March 2021</b> <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Bank loans repayable:		
Within one year or on demand	<b>1,708,007</b>	848,143
In the second year	<b>1,036,292</b>	1,039,056
In the third to fifth year, inclusive	<b>1,138,590</b>	1,237,479
	<b>3,882,889</b>	3,124,678
Other loans repayable		
In the second year	<b>202,270</b>	–
In the third to fifth year, inclusive	–	198,970
	<b>4,085,159</b>	3,323,648

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

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2021, the Remaining Group had 136 (2020: 126) employees in Hong Kong. The Remaining 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 Remaining Group also provides a defined contribution to the MPF as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

**Prospects**

During the reporting period, the COVID-19 has been impacting the world economy, With the roll-out of various government relief packages and vaccination programme, the recovery is reflected gradually.

In Hong Kong, the Centa-City Leading Index has increased by approximately 10% from early 2019 to second quarter of 2021. The purchasing power and confidence of home-buyers and residential investors are resilient and affirmative. The Remaining Group will keep placing resources and efforts in Hong Kong residential properties business.

In the property investment and asset management segments, the Remaining Group will continue to look for opportunities and input more environmentally sustainable and socially responsible elements into our assets.

The Remaining Group will continue to monitor the market changes and adjust the investment strategies to capture the development opportunities and aim to achieve solid returns to its shareholders.

**FOR THE YEAR ENDED 31 MARCH 2020****Financial Results**

For the financial year ended 31 March 2020, the Remaining Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$2,372.1 million (2019: approximately HK\$2,831.8 million) and approximately HK\$459.5 million (2019: approximately HK\$502.8 million), respectively.

**Business Review**

The Remaining Group's revenue for the year ended 31 March 2020 amounted to approximately HK\$2,372.1 million (2019: approximately HK\$2,831.8 million). This was mainly attributable to completion and delivery of The Met. Acappella (the site at No. 7838 Tai Po Road — Tai Wai). Profit attributable to owners of the parent for the year was approximately HK\$459.5 million (2019: approximately HK\$502.8 million). The reduced profit was mainly attributable to the increase in fair value losses on investment properties. The review of the individual business segments of the Remaining Group is set out below.

*Property Development*

Revenue recognised in this business segment during the financial year amounted to approximately HK\$2,369.6 million (2019: approximately HK\$2,827.0 million) which was contributed mainly by completion and delivery of The Met. Acappella. As at 31 March 2020, all units of this property development project were sold.

The Remaining Group together with CIFI has launched a luxury residential series branded "NOUVELLE", by unveiling the first project "maya", located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong since March 2019. As at 31 March 2020, 224 out of 309 units released were sold and the contracted sales amounted to approximately HK\$2.5 billion. The project is undergoing the construction of the superstructure and is expected to be delivered this year. The Remaining Group owns 50% equity interest in this property development project and is responsible for the project management.

The Remaining Group's Whitehead project (No. 11 Yiu Sha Road, Ma On Shan) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely "Altissimo" was launched in December 2018. As at 31 March 2020, 396 out of 534 units released were sold and the contracted sales amounted to approximately HK\$3.4 billion. The occupation permit of this project was granted and is expected to be delivered this year. The Remaining Group owns 40% equity interest in this property development project.

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

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

As at 31 March 2020, the Remaining 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
No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
No. 11 Yiu Sha Road, Ma On Shan	253,000	388,000	Residential	2020	40%
Nos. 86A–86D Pokfulam Road	28,500	28,500	Residential	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%

#### *Property Investment*

As at 31 March 2020, the Remaining Group’s portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$654.1 million (31 March 2019: approximately HK\$809.5 million). During the financial year, the Remaining Group received gross rental income of approximately HK\$3.7 million (2019: approximately HK\$8.2 million), representing a decrease of approximately HK\$4.5 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 24 January 2019, the Remaining Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. On 29 April 2019, the Remaining Group has disposed of 50% equity interest in this property investment project to KKR. Completion of the acquisition took place on 16 May 2019. Details of the transaction are set out in the joint announcements published by the Company and WOG dated 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019, respectively. The Remaining Group has refurbished the property and improved the tenant mix, and the rental yield is therefore enhanced. As at 31 March 2020, this investment property is fully let.

On 30 April 2019, the Remaining Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and shareholder’s loan of Pearl Limited at a consideration of HK\$780.0 million. Pearl Limited is the sole shareholder of Hermitage Investments Limited, which is the registered owner of the commercial accommodation of the complex named “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. The transaction completed on 4 July 2019. Details of the transaction are set out in the joint announcement published by the Company and WOG dated 1 May 2019. Part of this investment property is refurbishing for the enhancement of tenant mix and rental yield. As at 31 March 2020, the occupancy rate of this investment property is over 70%.

In June 2019, the Remaining Group has completed the acquisition of an investment property as Shop D, G/F, On Ning Building, Nos. 47-55 Ma Tau Kok Road, Ma Tau Kok, Kowloon in a consideration of HK\$62.3 million from an independent third party. The property was renovated to enhance the rental yield. The Remaining Group will continue to review its investment properties portfolio for both recurring income and capital appreciation.

### **Liquidity and Financial Resources**

As at 31 March 2020, the Remaining Group’s total assets less current liabilities were approximately HK\$7,203.5 million (2019: approximately HK\$7,284.4 million) and the current ratio was approximately 3.2 times as at 31 March 2020 (2019: approximately 2.1 times). As at 31 March 2020, the Remaining Group had cash and cash equivalents of approximately HK\$852.7 million (2019: approximately HK\$1,620.5 million). Aggregate bank borrowings as at 31 March 2020 amounted to approximately HK\$3,124.7 million (2019: approximately HK\$3,605.2 million). The gearing ratio was approximately 48.6% (2019: approximately 44.5%), calculated with reference to the Remaining Group’s total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2020, the Remaining Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$87.9 million, HK\$633.1 million, HK\$2,756.9 million and HK\$660.0 million, respectively, (2019: approximately HK\$91.1 million, HK\$787.5 million, HK\$2,552.5 million and HK\$668.2 million, respectively) were pledged to secure the Remaining Group’s general banking facilities.



The Remaining Group's capital commitment as at 31 March 2020 amounted to approximately HK\$203.2 million (2019: approximately HK\$925.6 million). In addition, the Remaining Group's share of joint ventures' own capital commitments amounted to approximately HK\$251.4 million (2019: approximately HK\$806.5 million). The Remaining Group has given guarantee to banks in connection with facilities granted to the three joint ventures up to HK\$1,617.6 million (2019: HK\$2,440.4 million) and were utilised to the extent of HK\$1,090.5 million as at 31 March 2020 (2019: HK\$1,297.5 million). Save as disclosed herein, the Remaining Group had no significant contingent liabilities at the end of the reporting period. The Remaining Group strengthens and improves its risk control on a continual basis and adopts a prudent approach in its financial management. Financial resources are under close monitor to ensure the Remaining Group's smooth operation, as well as flexibility to respond to market opportunities and uncertainties. The management of the Remaining Group is of the opinion that the Remaining Group's existing financial structure and resources are healthy and sufficient for the Remaining Group's needs in the foreseeable future.

### **Treasury Policy**

The Remaining Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the reporting period were the general source of funds to finance the operation of the Remaining Group. The Remaining Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. During the financial year, the Remaining Group entered into interest rate swap contracts for the purpose of converting part of the Remaining Group's borrowings from floating interest rates into fixed interest rates in order to mitigate the interest rate risk.

### **Foreign Exchange**

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



**Debt Profile and Financial Planning**

As at 31 March 2020, interest-bearing debt profile of the Remaining Group was analysed as follows:

	<b>31 March 2020</b> <i>HK\$'000</i>	31 March 2019 <i>HK\$'000</i>
Bank loans repayable:		
Within one year or on demand	<b>848,143</b>	1,015,010
In the second year	<b>1,039,056</b>	1,200,570
In the third to fifth year, inclusive	<b>1,237,479</b>	1,389,641
	<b>3,124,678</b>	3,605,221
Other loans repayable		
In the third to fifth year, inclusive	<b>198,970</b>	187,570
	<b>3,323,648</b>	3,792,791

The effective interest rate of bank loans is approximately 3.7% per annum (2019: approximately 3.4%) and other loans carry at a fixed interest at 6.0% (2019: 6.0%) per annum.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2020, the Remaining Group had 126 (2019: 120) employees in Hong Kong. The Remaining Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Remaining Group provides discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Remaining Group also provides a defined contribution to the MPF as required under the “Mandatory Provident Fund Schemes Ordinance” (Chapter 485 of the Laws of Hong Kong) for eligible employees of The Remaining Group in Hong Kong.

**Prospects**

The continuation of the US-China trade disputes and outbreak of COVID-19 cloud the prospect of the economy. Majority of the investors and end-users are expected to keep cautious. The market would expect the corporate closure and unemployment rate to escalate and the retail-related industries are amongst the hardest-hit zones. The Remaining Group has offered rent concessions to tenants whose businesses are in distress and is coping with the difficult times with them. For the residential market, the adjustment on the threshold of loan-to-value ratio of the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation and lowering of interest rate is expected to release purchasing power in the market. The number of recorded sales in May 2020 has rebounded from first quarter of 2020 and the Remaining Group is cautiously optimistic on the development of residential properties. The contracted sales achieved by the Remaining Group can secure and stabilise the revenue and development in the coming years. To continue the growth momentum, the Remaining Group replenishes the land bank and investment properties strenuously. In addition to public tender, the Remaining Group is also seeking for opportunities in old building acquisition and land use conversion. It is expected both the economy and property business in Hong Kong are subject to challenges and uncertainties this year. The Remaining Group will monitor the changes, risks and assets closely, and continues to capture every opportunity for its development and aims to achieve solid returns to our shareholders.

**FOR THE YEAR ENDED 31 MARCH 2019****Financial Results**

For the financial year ended 31 March 2019, the Remaining Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$2,831.8 million (2018: approximately HK\$1,351.8 million) and approximately HK\$502.8 million (2018: approximately HK\$1,808.5 million), respectively.

**Business Review**

The Remaining Group's revenue for the year ended 31 March 2019 amounted to approximately HK\$2,831.8 million (2018: approximately HK\$1,351.8 million), which represented a significant increase of approximately HK\$1,480.0 million compared with the last financial year. This was mainly attributable to completion and delivery of one of the Ma On Shan projects, The Met. Blossom (Ma Kam Street, Ma On Shan) in August 2018. Profit attributable to owners of the parent for the year was approximately HK\$502.8 million (2018: approximately HK\$1,808.5 million). The reduced profit was mainly attributable to the decrease in other income recognised from the gain on the disposal of two indirect wholly-owned subsidiaries of the Company and remeasurement of the 50% equity interest retained in a joint venture in the financial year ended 31 March 2018, net of the profit recognised from completion of The Met. Blossom. The review of the individual business segments of the Remaining Group is set out below.

*Property Development*

Revenue recognised in this business segment during the financial year amounted to approximately HK\$2,827.0 million (2018: approximately HK\$1,333.5 million) which was contributed mainly by completion and delivery of The Met. Blossom. The Remaining Group owns 60% equity interest in this property development project and the results and financial position are consolidated into the financial statements of the Remaining Group.

The Remaining Group's other residential project in Sha Tin district, the site at No. 7838 Tai Po Road — Tai Wai, The Met. Acappella, has launched the pre-sales in November 2017. As at 31 March 2019, 306 out of 336 units were sold. The revenue amounted to approximately HK\$2.3 billion will be recognised (subject to audit) in the next financial year.

The Remaining Group together with CIFI have been 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, since March 2019. As at 31 March 2019, 80 out of 169 units released were sold and the contracted sales amounted to approximately HK\$0.8 billion. The project is undergoing the construction of the superstructure and is expected to be completed in 2020. The Remaining Group owns 50% equity interest in this property development project and is responsible for its project management.

The Remaining Group's Whitehead project (No. 11 Yiu Sha Road, Ma On Shan) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely “Altissimo” was launched in December 2018. As at 31 March 2019, 224 out of 310 units released were sold and the contracted sales amounted to approximately HK\$1.8 billion. The Remaining Group owns 40% equity interest in this development project.

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

On 12 April 2018, the Remaining Group has 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 the land under the exquisite residential property series “The Met.”, to build on the brand's remarkable track record, further strengthening the presence of the Remaining Group's residential property brand. The site area of this project is approximately 14,400 square feet with an expected gross floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and will provide a public transportation terminal (minibus station). The foundation work is undergoing in this site.

The site at Nos. 575-575A Nathan Road, Mongkok has completed the construction works and the occupation permit was granted in February 2018. This development project is a 19-floor Ginza type commercial complex under the brand “Ladder”.

As at 31 March 2019, the Remaining 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
No. 7838 Tai Po Road — Tai Wai	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%
No. 11 Yiu Sha Road, Ma On Shan	253,000	388,000	Residential	2020	40%

#### *Property Investment*

As at 31 March 2019, the Remaining Group’s portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$809.5 million (31 March 2018: approximately HK\$1,517.3 million). During the financial year, the Remaining Group received gross rental income of approximately HK\$8.2 million (2018: approximately HK\$22.6 million), representing a decrease of approximately HK\$14.4 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 12 April 2018, the Remaining Group entered into a preliminary agreement to sell the entire issued share capital and the shareholder’s loan of PT Harvest Holdings Limited which principally held office units and carparks spaces located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK\$324.5 million. Completion took place on 23 August 2018.

On 10 August 2018, the Remaining 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 was the registered owner of the investment properties located at Ground Floor of No. 111 Ma Tau Wai Road, Kowloon.

On 24 January 2019, the Remaining Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. The podium will be further refurbished to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increasing the future rental value, thereby enhancing the future capital appreciation. On 29 April 2019, the Remaining Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition took place on 16 May 2019. Details of the transaction are set out in the joint announcements published by the Company and WOG on 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019, respectively.

On 30 April 2019, the Remaining Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and the shareholder’s loan of Pearl Limited at a consideration of HK\$780.0 million. Pearl Limited is the sole shareholder of Hermitage Investments Limited, which is the registered owner of the commercial accommodation of the complex named “The Parkside” located at No. 18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. This investment property will be further refurbished for the enhancement of the Remaining Group’s investment portfolio. On 21 June 2019, the Remaining Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition is expected to take place on 4 July 2019. Details of the transaction are set out in the joint announcement published by the Company and WOG dated 1 May 2019 and 21 June 2019, respectively.

The Remaining Group acts as the asset manager of the above two investment projects for a management fee comprising a fixed based fee and an incentive fee determined with reference to, among other things, the rental return of the above investment properties. This new recurring income stream will stabilise the cash flow and development of the Remaining Group.

In May 2019, the Remaining Group has won a tender for an investment property as Shop D, On Ning Building, Nos. 47-55 Ma Tau Kok Road, Ma Tau Kok, Kowloon in a consideration of HK\$62.3 million from an independent third party. The property will be renovated to enhance the rental yield. Completion took place on 28 June 2019.

The Remaining Group will continue to review and expand our portfolio of investment properties for both the recurring income and capital appreciation

**Liquidity and Financial Resources**

As at 31 March 2019, the Remaining Group's total assets less current liabilities were approximately HK\$7,284.4 million (2018: approximately HK\$6,746.7 million) and the current ratio was approximately 2.1 times as at 31 March 2019 (2018: approximately 2.1 times). As at 31 March 2019, the Remaining Group had cash and cash equivalents of approximately HK\$1,620.5 million (2018: approximately HK\$1,558.8 million).

Aggregate bank borrowings as at 31 March 2019 amounted to approximately HK\$3,605.2 million (2018: approximately HK\$3,224.0 million). The gearing ratio was approximately 44.5% (2018: approximately 41.0%), calculated with reference to the Remaining Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2019, the Remaining Group's property, plant and equipments, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$91.1 million, HK\$787.5 million, HK\$2,552.5 million and HK\$668.2 million, respectively (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 Remaining Group's general banking facilities.

The Remaining Group's capital commitment as at 31 March 2019 amounted to approximately HK\$925.6 million (2018: approximately HK\$1,564.4 million). In addition, the Remaining Group's share of joint ventures' own capital commitments amounted to approximately HK\$806.5 million (2018: approximately HK\$1,118.2 million). The Remaining Group has given guarantee to banks in connection with facilities granted to the two joint ventures up to HK\$2,440.4 million and which were utilised to the extent of HK\$1,297.5 million as at 31 March 2019.

**Treasury Policy**

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

**Foreign Exchange**

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

**Debt Profile and Financial Planning**

As at 31 March 2019, interest-bearing debt profile of the Remaining Group was analysed as follows:

	<b>31 March 2019</b> <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>
Bank loans repayable:		
Within one year	<b>1,015,010</b>	780,223
In the second year	<b>1,200,570</b>	878,382
In the third to fifth year, inclusive	<b>1,389,641</b>	1,385,649
Beyond five years	—	179,778
	<b>3,605,221</b>	3,224,032
Other loans repayable		
Within one year	—	13,397
In the second year	—	—
In the third to fifth year, inclusive	<b>187,570</b>	—
	<b>3,792,791</b>	<b>3,237,429</b>

The effective interest rate of bank loans is approximately 3.4% per annum (2018: approximately 2.8%) and other loans carries at a fixed interest rate 6%.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2019, the Remaining Group had 120 (2018: 101) employees in Hong Kong. The Remaining Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Remaining Group provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Remaining Group also provides a defined contribution to the MPF as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for eligible employees of the Remaining Group in Hong Kong.

**Prospects**

During the reporting year, the Centa-City Leading Index has firstly decreased from a historical high level by nearly 10% and started to rebound in the first quarter of 2019. The upside trend is benefited from the conservative pricings offered by the developers and caution approach on the interest rate policy taken by the US Federal Reserve in early 2019. However, under the uncertainty of US-China trade negotiation and high volatility of stock markets, both the investors and end-users would take a more discreet assessment on the property market. The Remaining Group is cautiously optimistic on the property market and will keep monitoring the market changes closely.

To continue the growth momentum, the Remaining Group replenishes the land bank and investment properties strenuously. In addition to public tender, the Remaining Group is seeking for old building acquisition and land use conversion.

The Remaining Group will keep looking for opportunities in property acquisition and collaboration with strategic partners to strengthen the real estate business. The Remaining Group continues to capture every opportunity for its development and aims to achieve solid returns to our shareholders.



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## APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1 HOLDCO AND ITS SUBSIDIARY

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*Set out below is the unaudited financial information of the Seed Project 1 Holdco and its subsidiary which comprises the unaudited consolidated/company statements of financial position of the Seed Project 1 Holdco and its subsidiary as at 31 March 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the period from 5 October 2020 (date of incorporation) to 31 March 2021 and for the six months ended 30 September 2021 and explanatory notes.*

### UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 1 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 1 Holdco and its subsidiary, Rich Dragon Limited (collectively, “**Seed Project 1 Group**”), as at 31 March 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 1 Group for the period from 5 October 2020 (date of incorporation) to 31 March 2021 and for the six months ended 30 September 2021 and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company’s reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 1 Group as set out on pages IIA-2 to IIA-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

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**APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	<u>Unaudited</u>	
	<b>Period from 5 October 2020 (date of incorporation) to 31 March 2021 <i>HK\$'000</i></b>	<b>Six months ended 30 September 2021 <i>HK\$'000</i></b>
Other income	—	440
Administrative expenses	(7)	(1,032)
LOSS BEFORE TAX	(7)	(592)
Income tax	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(7)</u>	<u>(592)</u>

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**APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited</b>	
	<b>31 March 2021 <i>HK\$'000</i></b>	<b>30 September 2021 <i>HK\$'000</i></b>
<b>NON-CURRENT ASSETS</b>		
Properties under development	—	492,581
Other receivables	—	68,130
	—	68,130
Total non-current assets	—	560,711
	—	560,711
<b>CURRENT ASSETS</b>		
Prepayments, deposits and other receivables	—	53
Cash and cash equivalents	—	701
	—	701
Total current assets	—	754
	—	754
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	—	2,641
Due to the WOP Group	7	328,474
	7	328,474
Total current liabilities	7	331,115
	7	331,115
<b>NET CURRENT LIABILITIES</b>	<b>(7)</b>	<b>(330,361)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(7)</b>	<b>230,350</b>
<b>NON-CURRENT LIABILITY</b>		
Interest-bearing bank borrowings	—	230,949
	—	230,949
Total non-current liability	—	230,949
	—	230,949
<b>NET LIABILITIES</b>	<b>(7)</b>	<b>(599)</b>
	<b>(7)</b>	<b>(599)</b>
<b>DEFICIENCY IN ASSETS</b>		
Issued capital	—*	—*
Accumulated losses	(7)	(599)
	(7)	(599)
Total deficiency in assets	(7)	(599)
	(7)	(599)

\* Less than \$500

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**APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN  
EQUITY**

	<b>Issued capital <i>HK\$'000</i></b>	<b>Accumulated losses <i>HK\$'000</i></b>	<b>Total deficiency in assets <i>HK\$'000</i></b>
<b>At 5 October 2020 (date of incorporation)</b>	—	—	—
Issue of share	—*	—	—
Loss and total comprehensive loss for the period	—	(7)	(7)
<b>At 31 March 2021 and 1 April 2021</b>	—*	(7)	(7)
Loss and total comprehensive loss for the period	—	(592)	(592)
<b>At 30 September 2021</b>	—*	(599)	(599)

\* Less than \$500

**APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Unaudited</b>	
	<b>Period from 5 October 2020 (date of incorporation) to 31 March 2021 <i>HK\$'000</i></b>	<b>Six months ended 30 September 2021 <i>HK\$'000</i></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(7)	(592)
Change in working capital		
Increase in properties under development	—	(491,419)
Increase in prepayments, deposits and other receivables	—	(68,183)
Increase in other payables and accruals	—	2,641
Increase in amount due to the WOP Group	7	—
	—	(557,553)
Net cash flows used in operating activities	—	(557,553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loan	—	230,949
Interest paid	—	(1,162)
Increase in amount due to the WOP Group	—	328,467
	—	558,254
Net cash flows from financing activities	—	558,254
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	—	701
Cash and cash equivalents at beginning of period	—	—
	—	—
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	—	701

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# APPENDIX IIA FINANCIAL INFORMATION OF SEED PROJECT 1 HOLDCO AND ITS SUBSIDIARY

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## NOTES TO THE UNAUDITED FINANCIAL INFORMATION

### 1. GENERAL

Spectrum Delight Limited (“**Seed Project 1 Holdco**”) is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the period from 5 October 2020 (date of incorporation) to 31 March 2021 and the six months ended 30 September 2021, Seed Project 1 Holdco and its subsidiary (collectively, the “**Seed Project 1 Group**”) are principally involved in property development in Hong Kong.

On 25 May 2021, the Seed Project 1 Holdco entered into a sale and purchase agreement with Famous Chief Limited (“**Famous Chief**”), a subsidiary of Wang On Properties Limited (the “**Company**”) for the acquisition of the entire 100% equity interest in Rich Dragon Limited (the “**Project Company**”) for an aggregate consideration of HK\$1. The acquisition was completed on 25 May 2021. The Project Company is principally engaged in property development as at the date of completion. Upon completion of the acquisition, the Project Company became a wholly-owned subsidiary of the Seed Project 1 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, and the Company, the then intermediate holding company of Seed Project 1 Holdco, entered into the subscription and shareholders’ agreement with Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Giant Harmony Limited (the “**JV Company**”) (an indirect wholly-owned subsidiary of the Company prior to completion of the transaction) (the “**Subscription and Shareholders’ Agreement**”), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the “**Investment**”), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Oasis Billion Investments Limited (“**Seller 1**”), an indirect wholly-owned subsidiary of the Company, pursuant to which the JV Company shall purchase Seed Project 1 Holdco from Seller 1 at an initial aggregate consideration of HK\$558,824,000 (the “**Disposal**”), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 1 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

### 2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 1 Group for the period from 5 October 2020 (date of incorporation) to 31 March 2021, and the six months ended 30 September 2021 (the “**Unaudited Financial Information**”) has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 1 Group to meet its liabilities as and when they fall due and the Company has agreed to provide continual financial support and adequate funds to the Seed Project 1 Group up to the date of the Disposal and not to request repayment of the amount due to the Company and its subsidiaries by the Seed Project 1 Group until such time as the Seed Project 1 Group is in a position to repay such amount without impairing its liability position.

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## APPENDIX IIA      FINANCIAL INFORMATION OF SEED PROJECT 1 HOLDCO AND ITS SUBSIDIARY

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### 3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the period from 5 October 2020 (date of incorporation) to 31 March 2021 includes the financial information of the Seed Project 1 Holdco. On 25 May 2021, the Seed Project 1 Holdco acquired 100% equity interest in the Project Company from Famous Chief, accordingly, the Unaudited Financial Information for the six months ended 30 September 2021 includes the consolidated financial information of the Seed Project 1 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.



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## APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2 HOLDCO AND ITS SUBSIDIARY

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*Set out below is the unaudited financial information of the Seed Project 2 Holdco and its subsidiary which comprises the unaudited consolidated statements of financial position of the Seed Project 2 Holdco and its subsidiary as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.*

### UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 2 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated statements of financial position of the Seed Project 2 Holdco and its subsidiary, Joint Hope Limited (collectively, “**Seed Project 2 Group**”), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of Seed Project 2 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company’s reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 2 Group as set out on pages IIB-2 to IIB-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

**APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Other income	1,208	3,980	3,597	1,746	660
Administrative expenses	(3,704)	(6,120)	(2,911)	(484)	(308)
PROFIT/(LOSS) BEFORE TAX	(2,496)	(2,140)	686	1,262	352
Income tax	—	—	—	—	—
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD	<u>(2,496)</u>	<u>(2,140)</u>	<u>686</u>	<u>1,262</u>	<u>352</u>

**APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited</b>			
		<b>31 March</b>		<b>30 September</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>				
Properties under development	663,983	691,471	707,932	927,551
Other receivables	136,258	139,137	141,068	142,185
	800,151	830,608	849,000	1,069,736
<b>CURRENT ASSETS</b>				
Prepayments, deposits and other receivables	8,475	1,694	53	1,260
Cash and cash equivalents	258,453	950	1,062	832
	266,928	2,644	1,115	2,092
<b>CURRENT LIABILITIES</b>				
Other payables and accruals	12,237	5,861	6,022	5,413
Due to the WOP Group	812,127	586,500	602,200	824,038
Interest-bearing bank borrowing	245,218	245,534	245,850	245,982
	1,069,582	837,895	854,072	1,075,433
<b>NET CURRENT LIABILITIES</b>	(802,654)	(835,251)	(852,957)	(1,073,341)
<b>NET LIABILITIES</b>	(2,503)	(4,643)	(3,957)	(3,605)
<b>DEFICIENCY IN ASSETS</b>				
Issued capital	—*	—*	—*	—*
Accumulated losses	(2,503)	(4,643)	(3,957)	(3,605)
	(2,503)	(4,643)	(3,957)	(3,605)

\* Less than \$500

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**APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Total deficiency in assets</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>At 1 April 2018</b>	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(2,496)	(2,496)
<b>At 31 March 2019 and 1 April 2019</b>	—*	(2,503)	(2,503)
Loss and total comprehensive loss for the year	—	(2,140)	(2,140)
<b>At 31 March 2020 and 1 April 2020</b>	—*	(4,643)	(4,643)
Profit and total comprehensive income for the year	—	686	686
<b>At 31 March 2021 and 1 April 2021</b>	—*	(3,957)	(3,957)
Profit and total comprehensive income for the period	—	352	352
<b>At 30 September 2021</b>	—*	(3,605)	(3,605)
At 1 April 2020	—*	(4,643)	(4,643)
Profit and total comprehensive income for the period	—	1,262	1,262
<b>At 30 September 2020</b>	—*	(3,381)	(3,381)

\* Less than \$500

**APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019 HK\$ '000	2020 HK\$ '000	2021 HK\$ '000	2020 HK\$ '000	2021 HK\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax	(2,496)	(2,140)	686	1,262	352
Adjustment for interest income	(225)	(1,405)	—	—	—
	(2,721)	(3,545)	686	1,262	352
Increase in properties under development	(663,340)	(18,736)	(11,326)	(10,179)	(217,397)
Decrease/(increase) in prepayments, deposits and other receivables	(144,733)	3,902	(290)	(289)	(2,324)
Increase/(decrease) in other payables and accruals	11,712	(6,376)	161	(29)	(609)
Cash used in operations	(799,082)	(24,755)	(10,769)	(9,235)	(219,978)
Interest received	225	1,405	—	—	—
Net cash flows used in operating activities	(798,857)	(23,350)	(10,769)	(9,235)	(219,978)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New bank loans	245,218	—	—	—	—
Interest paid	(28)	(8,526)	(4,819)	(2,819)	(1,976)
Increase/(decrease) in amount due to the WOP Group	812,120	(225,627)	15,700	13,323	221,724
Net cash flows from/(used in) financing activities	1,057,310	(234,153)	10,881	10,504	219,748
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	258,453	(257,503)	112	1,269	(230)
Cash and cash equivalents at beginning of year/period	—	258,453	950	950	1,062
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	<b>258,453</b>	<b>950</b>	<b>1,062</b>	<b>2,219</b>	<b>832</b>

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## APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2 HOLDCO AND ITS SUBSIDIARY

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### NOTES TO THE UNAUDITED FINANCIAL INFORMATION

#### 1.      GENERAL

Pop Prestige Investments Limited (“**Seed Project 2 Holdco**”) is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 2 Holdco and its subsidiary (collectively, the “**Seed Project 2 Group**”) are principally involved in property development in Hong Kong.

On 8 November 2021, Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of Wang On Properties Limited (the “**Company**”), and the Company, the then intermediate holding company of Seed Project 2 Holdco, entered into the subscription and shareholders’ agreement with Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Giant Harmony Limited (the “**JV Company**”) (an indirect wholly-owned subsidiary of the Company prior to completion of the transaction) (the “**Subscription and Shareholders’ Agreement**”), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the “**Investment**”), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with More Action Investments Limited (“**Seller 2**”), an indirect wholly-owned subsidiary of the Company, pursuant to which the JV Company shall purchase Seed Project 2 Holdco from Seller 2 at an initial aggregate consideration of HK\$1,066,415,000 (the “**Disposal**”), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 2 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

#### 2.      BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 2 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the “**Unaudited Financial Information**”) has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 2 Group to meet its liabilities as and when they fall due and the Company has agreed to provide continual financial support and adequate funds to the Seed Project 2 Group up to the date of the Disposal and not to request repayment of the amount due to the Company and its subsidiaries by the Seed Project 2 Group until such time as the Seed Project 2 Group is in a position to repay such amount without impairing its liability position.

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## APPENDIX IIB      FINANCIAL INFORMATION OF SEED PROJECT 2 HOLDCO AND ITS SUBSIDIARY

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### 3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 includes the financial information of the Seed Project 2 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.



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## APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3 HOLDCO AND ITS SUBSIDIARY

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*Set out below is the unaudited financial information of the Seed Project 3 Holdco and its subsidiary which comprises the unaudited consolidated/company statements of financial position of the Seed Project 3 Holdco and its subsidiary as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.*

### UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 3 HOLDCO AND ITS SUBSIDIARY

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 3 Holdco and its subsidiary, Well Value Limited (collectively, “**Seed Project 3 Group**”), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 3 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company’s reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 3 Group as set out on pages IIC-2 to IIC-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.

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**APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	<b>Unaudited</b>				
	<b>Year ended 31 March</b>			<b>Six months ended 30 September</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income	—	—	205	96	95
Administrative expenses	—	(8)	(1,687)	(34)	(167)
PROFIT/(LOSS) BEFORE TAX	—	(8)	(1,482)	62	(72)
Income tax	—	—	—	—	—
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	—	(8)	(1,482)	62	(72)

**APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited			
		31 March		30 September
	2019	2020	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CURRENT ASSETS</b>				
Properties under development	—	—	380,964	388,351
Prepayments, deposits and other receivables	—	6	61,010	60,919
Cash and cash equivalents	—	—	198,621	2,043
<b>Total current assets</b>	<b>—</b>	<b>6</b>	<b>640,595</b>	<b>451,313</b>
<b>CURRENT LIABILITIES</b>				
Other payables and accruals	—	—	1,303	35
Due to the WOP Group	7	21	444,002	255,511
<b>Total current liabilities</b>	<b>7</b>	<b>21</b>	<b>445,305</b>	<b>255,546</b>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>	<b>(7)</b>	<b>(15)</b>	<b>195,290</b>	<b>195,767</b>
<b>NON-CURRENT LIABILITY</b>				
Interest-bearing bank borrowings	—	—	196,787	197,336
<b>Total non-current liability</b>	<b>—</b>	<b>—</b>	<b>196,787</b>	<b>197,336</b>
<b>NET LIABILITIES</b>	<b>(7)</b>	<b>(15)</b>	<b>(1,497)</b>	<b>(1,569)</b>
<b>DEFICIENCY IN ASSETS</b>				
Issued capital	—*	—*	—*	—*
Accumulated losses	(7)	(15)	(1,497)	(1,569)
<b>Total deficiency in assets</b>	<b>(7)</b>	<b>(15)</b>	<b>(1,497)</b>	<b>(1,569)</b>

\* Less than \$500

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**APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3  
HOLDCO AND ITS SUBSIDIARY**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Issued capital <i>HK\$'000</i></b>	<b>Retained earnings/ (accumulated losses) <i>HK\$'000</i></b>	<b>Total equity/ (deficiency in assets) <i>HK\$'000</i></b>
<b>At 1 April 2018, 31 March 2019 and 1 April 2019</b>	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(8)	(8)
<b>At 31 March 2020 and 1 April 2020</b>	—*	(15)	(15)
Loss and total comprehensive loss for the year	—	(1,482)	(1,482)
<b>At 31 March 2021 and 1 April 2021</b>	—*	(1,497)	(1,497)
Loss and total comprehensive loss for the period	—	(72)	(72)
<b>At 30 September 2021</b>	—*	(1,569)	(1,569)
At 1 April 2020	—*	(15)	(15)
Profit and total comprehensive income for the period	—	62	62
<b>At 30 September 2020</b>	—*	47	47

\* Less than \$500

**APPENDIX IIC FINANCIAL INFORMATION OF SEED PROJECT 3  
HOLDCO AND ITS SUBSIDIARY**

**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Unaudited				
	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax	—	(8)	(1,482)	62	(72)
Increase in properties under development	—	—	(380,964)	—	(7,387)
Decrease/(increase) in prepayments, deposits and other receivables	—	(6)	(61,004)	(34)	91
Increase/(decrease) in other payables and accruals	—	—	1,303	—	(1,268)
Increase/(decrease) in amounts due to the WOP Group	—	14	—	(28)	—
Net cash flows used in operating activities	—	—	(442,147)	—	(8,636)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New bank loans	—	—	196,787	—	549
Increase/(decrease) in amount due to the WOP Group	—	—	443,981	—	(188,491)
Net cash flows from/(used in) financing activities	—	—	640,768	—	(187,942)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	—	—	198,621	—	(196,578)
Cash and cash equivalents at beginning of year/period	—	—	—	—	198,621
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	—	—	198,621	—	2,043

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## APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3 HOLDCO AND ITS SUBSIDIARY

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### NOTES TO THE UNAUDITED FINANCIAL INFORMATION

#### 1. GENERAL

Surplus Hunter Limited (“**Seed Project 3 Holdco**”) is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 3 Holdco and its subsidiary (collectively, the “**Seed Project 3 Group**”) are principally involved in property development in Hong Kong.

On 14 May 2020, the Seed Project 3 Holdco entered into a sale and purchase agreement with Famous Chief Limited (“**Famous Chief**”), a subsidiary of Wang On Properties Limited (the “**Company**”) for the acquisition of the entire 100% equity interest in Well Value Limited (the “**Project Company**”) for an aggregate consideration of HK\$1. The acquisition was completed on 14 May 2021. The Project Company is principally engaged in property development as at the date of completion. Upon completion of the acquisition, the Project Company became a wholly-owned subsidiary of the Seed Project 3 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, and the Company, the then intermediate holding company of Seed Project 3 Holdco, entered into the subscription and shareholders’ agreement with Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Giant Harmony Limited (the “**JV Company**”) (an indirect wholly-owned subsidiary of the Company prior to completion of the transaction) (the “**Subscription and Shareholders’ Agreement**”), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the “**Investment**”), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Treasure South Limited (“**Seller 3**”), an indirect wholly-owned subsidiary of the Company, pursuant to which the JV Company shall purchase Seed Project 3 Holdco from Seller 3 at an initial aggregate consideration of HK\$451,278,000 (the “**Disposal**”), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 3 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

#### 2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 3 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the “**Unaudited Financial Information**”) has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 3 Group to meet its liabilities as and when they fall due and the Company has agreed to provide continual financial support and adequate funds to the Seed Project 3 Group up to the date of the Disposal and not to request repayment of the amount due to the Company and its subsidiaries by the Seed Project 3 Group until such time as the Seed Project 3 Group is in a position to repay such amount without impairing its liability position.

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## APPENDIX IIC      FINANCIAL INFORMATION OF SEED PROJECT 3 HOLDCO AND ITS SUBSIDIARY

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### 3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2020 and 2021 includes the financial information of the Seed Project 3 Holdco. On 14 May 2020, the Seed Project 3 Holdco acquired 100% equity interest in the Project Company from Famous Chief, accordingly, the Unaudited Financial Information for the year ended 31 March 2021, and the six months ended 30 September 2021 includes the consolidated financial information of the Seed Project 3 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

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## APPENDIX IID      FINANCIAL INFORMATION OF SEED PROJECT 4 HOLDCO AND ITS SUBSIDIARIES

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*Set out below is the unaudited financial information of the Seed Project 4 Holdco and its subsidiaries which comprises the unaudited consolidated/company statements of financial position of the Seed Project 4 Holdco and its subsidiaries as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes.*

### UNAUDITED FINANCIAL INFORMATION OF THE SEED PROJECT 4 HOLDCO AND ITS SUBSIDIARIES

Set out below are the unaudited consolidated/company statements of financial position of the Seed Project 4 Holdco and its subsidiaries, Hopway Limited and Top Prince Limited (collectively, “**Seed Project 4 Group**”), as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the unaudited consolidated/company statements of profit or loss and other comprehensive income, the unaudited consolidated/company statements of changes in equity and the unaudited consolidated/company statements of cash flows of Seed Project 4 Group for each of the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 and explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared in accordance with rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on Stock Exchange and the bases of presentation and preparation as set out in Notes 2 and 3, respectively, to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company’s reporting accountants, Ernst & Young, were engaged to review the financial information of the Seed Project 4 Group as set out on pages IID-2 to IID-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) *Engagements to Review Historical Financial Statements* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion. Based on the review, nothing has come to the reporting accountants’ attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 2 and 3, respectively, to the Unaudited Financial Information.



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**APPENDIX IID      FINANCIAL INFORMATION OF SEED PROJECT 4  
HOLDCO AND ITS SUBSIDIARIES**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

	<b>Unaudited</b>				
	<b>Year ended 31 March</b>			<b>Six months ended 30 September</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income	—	—	1,793	—	1,666
Administrative expenses	—	(34)	(3,091)	(62)	(489)
<b>PROFIT/(LOSS) BEFORE TAX</b>	—	(34)	(1,298)	(62)	1,177
Income tax	—	—	—	—	—
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD</b>	<u>—</u>	<u>(34)</u>	<u>(1,298)</u>	<u>(62)</u>	<u>1,177</u>

**APPENDIX IID FINANCIAL INFORMATION OF SEED PROJECT 4  
HOLDCO AND ITS SUBSIDIARIES**

**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited			
	2019 HK\$'000	31 March 2020 HK\$'000	2021 HK\$'000	30 September 2021 HK\$'000
<b>NON-CURRENT ASSETS</b>				
Properties under development	—	—	737,398	796,867
Deposits and other receivables	—	167,692	133,178	119,451
Total non-current assets	—	167,692	870,576	916,318
<b>CURRENT ASSETS</b>				
Prepayments, deposits and other receivables	—	4,206	12,047	30
Cash and cash equivalents	—	—	4,171	2,515
Total current assets	—	4,206	16,218	2,545
<b>CURRENT LIABILITIES</b>				
Other payables and accruals	—	11	4,320	4,374
Due to the WOP Group	7	171,928	512,403	541,982
Total current liabilities	7	171,939	516,723	546,356
<b>NET CURRENT LIABILITIES</b>	<b>(7)</b>	<b>(167,733)</b>	<b>(500,505)</b>	<b>(543,811)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(7)</b>	<b>(41)</b>	<b>370,071</b>	<b>372,507</b>
<b>NON-CURRENT LIABILITY</b>				
Interest-bearing bank borrowings	—	—	371,410	372,669
Total non-current liability	—	—	371,410	372,669
<b>NET LIABILITIES</b>	<b>(7)</b>	<b>(41)</b>	<b>(1,339)</b>	<b>(162)</b>
<b>DEFICIENCY IN ASSETS</b>				
Issued capital	—*	—*	—*	—*
Accumulated losses	(7)	(41)	(1,339)	(162)
Total deficiency in assets	<b>(7)</b>	<b>(41)</b>	<b>(1,339)</b>	<b>(162)</b>

\* Less than \$500

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**APPENDIX IID      FINANCIAL INFORMATION OF SEED PROJECT 4  
HOLDCO AND ITS SUBSIDIARIES**

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**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	<b>Issued capital <i>HK\$ '000</i></b>	<b>Accumulated losses <i>HK\$ '000</i></b>	<b>Total deficiency in assets <i>HK\$ '000</i></b>
<b>At 1 April 2018, 31 March 2019 and 1 April 2019</b>	—*	(7)	(7)
Loss and total comprehensive loss for the year	—	(34)	(34)
<b>At 31 March 2020 and 1 April 2020</b>	—*	(41)	(41)
Loss and total comprehensive loss for the year	—	(1,298)	(1,298)
<b>At 31 March 2021 and 1 April 2021</b>	—*	(1,339)	(1,339)
Profit and total comprehensive income for the period	—	1,177	1,177
<b>At 30 September 2021</b>	—*	(162)	(162)
At 1 April 2020	—*	(41)	(41)
Loss and total comprehensive loss for the period	—	(62)	(62)
<b>At 30 September 2020</b>	—*	(103)	(103)

\* Less than \$500

**APPENDIX IID FINANCIAL INFORMATION OF SEED PROJECT 4  
HOLDCO AND ITS SUBSIDIARIES**

**UNAUDITED COMPANY/CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Unaudited				
	Year ended 31 March			Six months ended	
	2019	2020	2021	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax	—	(34)	(1,298)	(62)	1,177
Increase in properties under development	—	—	(737,398)	—	(59,469)
Decrease in prepayments, deposits and other receivables	—	—	26,673	—	25,744
Increase in other payables and accruals	—	11	4,309	34	54
Increase in amounts due to the WOP Group	—	23	—	28	—
	—	—	(707,714)	—	(32,494)
Net cash flows used in operating activities	—	—	(707,714)	—	(32,494)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New bank loans	—	—	371,410	—	1,259
Increase in amount due to the WOP Group	—	—	340,475	—	29,579
	—	—	711,885	—	30,838
Net cash flows from financing activities	—	—	711,885	—	30,838
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	—	—	4,171	—	(1,656)
Cash and cash equivalents at beginning of year/period	—	—	—	—	4,171
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	—	—	4,171	—	2,515

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## APPENDIX IID FINANCIAL INFORMATION OF SEED PROJECT 4 HOLDCO AND ITS SUBSIDIARIES

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### NOTES TO THE UNAUDITED FINANCIAL INFORMATION

#### 1. GENERAL

Sole Champion Limited (“**Seed Project 4 Holdco**”) is a limited liability company incorporated in the British Virgin Islands and is principally engaged in investment holding. During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, Seed Project 4 Holdco and its subsidiaries (collectively, the “**Seed Project 4 Group**”) are principally involved in property development in Hong Kong.

On 19 July 2019, the Seed Project 4 Holdco entered into a sale and purchase agreement with an independent third party for the acquisition of the entire 100% equity interest in Hopway Limited (“**Hopway**”) for an aggregate consideration of HK\$1. The consideration was fully settled in cash and the acquisition was completed on 19 July 2019. Hopway is principally engaged in property development as at the date of completion. Upon completion of the acquisition, Hopway became a wholly-owned subsidiary of the Seed Project 4 Holdco.

On 1 June 2020, the Seed Project 4 Holdco entered into a sale and purchase agreement with Famous Chief Limited (“**Famous Chief**”), a subsidiary of Wang On Properties Limited (the “**Company**”) for the acquisition of the entire 100% equity interest in Top Prince Limited (“**Top Prince**”) for an aggregate consideration of HK\$1. The consideration was fully settled in cash and the acquisition was completed on 1 June 2020. Top Prince is principally engaged in property development as at the date of completion. Upon completion of the acquisition, Top Prince became a wholly-owned subsidiary of the Seed Project 4 Holdco.

On 8 November 2021, Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, and the Company, the then intermediate holding company of Seed Project 4 Holdco entered, into the subscription and shareholders’ agreement with Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Giant Harmony Limited (the “**JV Company**”) (an indirect wholly-owned subsidiary of the Company prior to completion of the transaction) (the “**Subscription and Shareholders’ Agreement**”), pursuant to which, among other things, the APG JV Partner will subscribe for a new share in the JV Company to form a joint venture with the WOP JV Partner in respect of the JV Company (the “**Investment**”), to engage in the acquisition of residential properties in Hong Kong for development and re-development for sale.

Simultaneously with completion of the Investment, the JV Company shall enter into the sale and purchase agreements with Vivid Gemini Limited (“**Seller 4**”), an indirect wholly-owned subsidiary of the Company, pursuant to which the JV Company shall purchase Seed Project 4 Holdco from Seller 4 at an initial aggregate consideration of HK\$924,940,000 (the “**Disposal**”), subject to further adjustment.

Upon completion of the Investment and Disposal, Seed Project 4 Holdco will be 100% held by the JV Company and the JV Company will be 50% owned by WOP JV Partner and 50% owned by APG JV Partner, respectively.

#### 2. BASIS OF PRESENTATION

The unaudited financial information of the Seed Project 4 Group for the years ended 31 March 2019, 2020 and 2021, and the six months ended 30 September 2021 (the “**Unaudited Financial Information**”) has been prepared under the going concern concept because the JV Company has agreed to provide continual financial support and adequate funds for the Seed Project 4 Group to meet its liabilities as and when they fall due and the Company has agreed to provide continual financial support and adequate funds to the Seed Project 4 Group up to the date of the Disposal and not to request repayment of the amount due to the Company and its subsidiaries by the Seed Project 4 Group until such time as the Seed Project 4 Group is in a position to repay such amount without impairing its liability position.

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## APPENDIX IID      FINANCIAL INFORMATION OF SEED PROJECT 4 HOLDCO AND ITS SUBSIDIARIES

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### 3. BASIS OF PREPARATION

The Unaudited Financial Information has been prepared in accordance with Main Board Listing Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the years ended 31 March 2019 includes the financial information of the Seed Project 4 Holdco only. On 19 July 2019, the Seed Project 4 Holdco acquired 100% equity interest in Hopway from an independent third party, accordingly, the Unaudited Financial Information for the year ended 31 March 2020 includes the consolidated financial information of the Seed Project 4 Holdco and its subsidiary, Hopway. On 1 June 2020, the Seed Project 4 Holdco acquired 100% equity interest in Top Prince from Famous Chief, accordingly, the Unaudited Financial Information for the year ended 31 March 2021, and the six months ended 30 September 2021 included the consolidated financial information of the Seed Project 4 Group.

The amounts included in the Unaudited Financial Information have been recognised and measured in accordance with the relevant accounting policies of the Company, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost convention and is presented in Hong Kong dollar. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *Presentation of Financial Statements* nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE POST-DISPOSAL GROUP****Introduction**

The following is an illustrative unaudited pro forma consolidated financial information (the “**Unaudited Pro Forma Financial Information**”) of the remaining group of Wang On Properties Limited (the “**Company**”) and its subsidiaries (hereafter collectively referred to as the “**Group**”), immediately after (a) the formation of a joint venture in respect of Giant Harmony Limited (the “**JV Company**”) on a 50:50 basis between Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner and (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited (“**Seed Project 1 Holdco**”) and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited (“**Seed Project 2 Holdco**”) and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited (“**Seed Project 3 Holdco**”) and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited (“**Seed Project 4 Holdco**”, together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the “**Disposal Subsidiaries**”) and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the “**Disposal**”). The remaining group of the Group after the formation of the JV Company and the Disposal are hereinafter referred to as the “**Post-Disposal Group**”. The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Post-Disposal Group as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Post-Disposal Group for the year ended 31 March 2021, which have been prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the formation of the JV Company and the Disposal.

The preparation of the unaudited pro forma consolidated statement of financial position of the Post-Disposal Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, which has been extracted from the published interim results announcement of the Group for the six months ended 30 September 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company and the Disposal had been completed on 30 September 2021.

The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Post-Disposal Group is based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, which have been extracted from the published annual report of the Group for the year ended 31 March 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company and the Disposal had been completed on 1 April 2020.

A narrative description of the pro forma adjustments of the formation of the JV Company and the Disposal that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial position or cash flows of the Post-Disposal Group had the formation of the JV Company and the Disposal been completed as at the respective dates to which it is made up to or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Post-Disposal Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 March 2021, the published interim results announcement of the Company for the six months ended 30 September 2021, the financial information of the Disposal Subsidiaries and their subsidiaries as set out in Appendices IIA to IID to this circular, the joint announcement of the Company and Wang On Group Limited dated 8 November 2021 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Post-Disposal Group.



**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION OF THE POST-DISPOSAL GROUP**

	The Group as at 30 September 2021 HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 3	Pro forma adjustments				HK\$'000 Note 11	HK\$'000 Note 12	Unaudited pro forma of the Post- Disposal Group HK\$'000
				HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 10	HK\$'000 Note 11			
<b>NON-CURRENT ASSETS</b>										
Property, plant and equipment	95,267									95,267
Investment properties	80,000									80,000
Properties under development	2,366,640	(492,581)	(927,551)		(796,867)					149,641
Investments in joint ventures	1,737,307					2,334,000				4,071,307
Debt investments at fair value through other comprehensive income	23,863									23,863
Financial assets at fair value through profit or loss	84,914									84,914
Loan and interest receivables	13,646									13,646
Prepayments, other receivables and other assets	337,085	(68,130)	(142,185)		(119,451)					7,319
Deferred tax assets	3,294									3,294
<b>Total non-current assets</b>	<b>4,742,016</b>	<b>(560,711)</b>	<b>(1,069,736)</b>		<b>(916,318)</b>	<b>2,334,000</b>				<b>4,529,251</b>
<b>CURRENT ASSETS</b>										
Properties under development	3,456,016			(388,351)						3,067,665
Properties held for sale	605,436									605,436
Loan and interest receivables	23,520									23,520
Prepayments, other receivables and other assets	349,000	(53)	(1,260)	(60,919)	(30)					286,738
Cost of obtaining contracts	1,241									1,241
Tax recoverable	8,775									8,775
Cash and cash equivalents	700,891	(701)	(832)	(2,043)	(2,515)	(2,334,000)	1,944,070	(3,175)		301,695
Debt investments at fair value through other comprehensive income	73,269									73,269
Financial assets at fair value through profit or loss	51,890									51,890
<b>Assets classified as held for sale</b>	<b>5,270,038</b>	<b>(754)</b>	<b>(2,092)</b>	<b>(451,313)</b>	<b>(2,545)</b>	<b>(2,334,000)</b>	<b>1,944,070</b>	<b>(3,175)</b>		<b>4,420,229</b>
	501,387									501,387
<b>Total current assets</b>	<b>5,771,425</b>	<b>(754)</b>	<b>(2,092)</b>	<b>(451,313)</b>	<b>(2,545)</b>	<b>(2,334,000)</b>	<b>1,944,070</b>	<b>(3,175)</b>		<b>4,921,616</b>
<b>CURRENT LIABILITIES</b>										
Trade payables	17,809									17,809
Other payables and accruals	93,313	(2,641)	(5,413)	(35)	(4,374)					80,850
Amounts due to the Post-Disposal Group	–	(328,474)	(824,038)	(255,511)	(541,982)		1,950,005			–
Financial liabilities at fair value through profit or loss	2,953									2,953
Contract liabilities	48,639									48,639
Interest-bearing bank and other borrowings	1,672,998		(245,982)							1,427,016
Tax payable	2,444									2,444
<b>Liabilities directly associated with the assets classified as held for sale</b>	<b>1,838,156</b>	<b>(331,115)</b>	<b>(1,075,433)</b>	<b>(255,546)</b>	<b>(546,356)</b>		<b>1,950,005</b>			<b>1,579,711</b>
	200,301									200,301
<b>Total current liabilities</b>	<b>2,038,457</b>	<b>(331,115)</b>	<b>(1,075,433)</b>	<b>(255,546)</b>	<b>(546,356)</b>		<b>1,950,005</b>			<b>1,780,012</b>
<b>NET CURRENT ASSETS</b>	<b>3,732,968</b>	<b>330,361</b>	<b>1,073,341</b>	<b>(195,767)</b>	<b>543,811</b>	<b>(2,334,000)</b>	<b>(5,935)</b>	<b>(3,175)</b>		<b>3,141,604</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>8,474,984</b>	<b>(230,350)</b>	<b>3,605</b>	<b>(195,767)</b>	<b>(372,507)</b>		<b>(5,935)</b>	<b>(3,175)</b>		<b>7,670,855</b>

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**

	The Group as at 30 September 2021 HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 3	Pro forma adjustments			HK\$'000 Note 11	HK\$'000 Note 12	Unaudited pro forma of the Post- Disposal Group HK\$'000
				HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 10			
<b>NON-CURRENT LIABILITIES</b>									
Other payables	6,300								6,300
Financial liabilities at fair value through profit or loss	11,070								11,070
Interest-bearing bank and other borrowings	3,414,501	(230,949)		(197,336)	(372,669)				2,613,547
Deferred tax liabilities	482								482
Total non-current liabilities	<u>3,432,353</u>	(230,949)		(197,336)	(372,669)				<u>2,631,399</u>
Net assets	<u>5,042,631</u>	599	3,605	1,569	162		(5,935)	(3,175)	<u>5,039,456</u>
<b>EQUITY</b>									
<b>Equity attributable to owners of the parent</b>									
Issued capital	15,200								15,200
Reserves	<u>5,016,131</u>	599	3,605	1,569	162		(5,935)	(3,175)	<u>5,012,956</u>
Non-controlling interests	<u>5,031,331</u> 11,300	599	3,605	1,569	162		(5,935)	(3,175)	<u>5,028,156</u> 11,300
Total equity	<u>5,042,631</u>	599	3,605	1,569	162		(5,935)	(3,175)	<u>5,039,456</u>

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME OF THE POST-DISPOSAL  
GROUP**

	The Group for the year ended 31 March 2021		Pro forma adjustments					Unaudited pro forma of the Post- Disposal Group
	HK\$ '000 Note 1	HK\$ '000 Note 6	HK\$ '000 Note 7	HK\$ '000 Note 8	HK\$ '000 Note 9	HK\$ '000 Note 12	HK\$ '000 Note 14	HK\$ '000
<b>REVENUE</b>	314,806							314,806
Cost of sales	(147,873)							(147,873)
Gross profit	166,933							166,933
Other income and gains, net	129,042		(3,597)	(205)	(1,793)			123,447
Selling and distribution expenses	(64,228)							(64,228)
Administrative expenses	(106,924)	7	2,911	1,687	3,091	(3,175)		(102,403)
Reversal of impairment losses of financial assets	6,171							6,171
Finance costs	(77,473)							(77,473)
Fair value losses on investment properties, net	(64,441)							(64,441)
Fair value gains on financial assets at fair value through profit of loss, net	2,490							2,490
Fair value losses on derivative financial instruments	(20,392)							(20,392)
Write-down of properties held for sale	(80,000)							(80,000)
Share of profits and losses of joint ventures	585,783						(1,050)	584,733
PROFIT BEFORE TAX	476,961	7	(686)	1,482	1,298	(3,175)	(1,050)	474,837
Income tax expenses	(8,784)							(8,784)
PROFIT FOR THE YEAR	<u>468,177</u>	7	(686)	1,482	1,298	(3,175)	(1,050)	<u>466,053</u>
<b>OTHER COMPREHENSIVE INCOME</b>								
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:								
Debt investments at fair value through other comprehensive income:								
Changes in fair value	3,007							3,007
Reclassification adjustments for gains/losses included in profit or loss								
– gain on disposal	(4,509)							(4,509)
– reversal of impairment losses	(6,051)							(6,051)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(7,553)							(7,553)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(7,553)</u>							<u>(7,553)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>460,624</u>	7	(686)	1,482	1,298	(3,175)	(1,050)	<u>458,500</u>
Profit attributable to:								
Owners of the parent	466,745	7	(686)	1,482	1,298	(3,175)	(1,050)	464,621
Non-controlling interests	1,432							1,432
	<u>468,177</u>	7	(686)	1,482	1,298	(3,175)	(1,050)	<u>466,053</u>
Total comprehensive income attributable to:								
Owners of the parent	459,192	7	(686)	1,482	1,298	(3,175)	(1,050)	457,068
Non-controlling interests	1,432							1,432
	<u>460,624</u>	7	(686)	1,482	1,298	(3,175)	(1,050)	<u>458,500</u>

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS  
OF THE POST-DISPOSAL GROUP**

	The Group for the year ended 31 March 2021	Pro forma adjustments									Unaudited pro forma of the Post- Disposal Group
		HK\$'000 Note 1	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000 Note 8	HK\$'000 Note 9	HK\$'000 Note 10	HK\$'000 Note 11	HK\$'000 Note 12	HK\$'000 Note 13	
<b>CASH FLOWS FROM</b>											
<b>OPERATING ACTIVITIES</b>											
Profit before tax	476,961	7	(686)	1,482	1,298			(3,175)		(1,050)	474,837
Adjustments for:											
Finance costs	77,473										77,473
Interest income from bank deposits	(2,478)										(2,478)
Interest income from loan receivables	(4,595)										(4,595)
Interest income from debt investments at fair value through other comprehensive income	(34,747)										(34,747)
Gain on disposal of subsidiaries, net	(30,688)										(30,688)
Gain on disposal of debt investments at fair value through other comprehensive income	(5,088)										(5,088)
Share of profits and losses of joint ventures	(585,783)									1,050	(584,733)
Fair value losses/(gains), net											
Investment properties	64,441										64,441
Derivative financial instruments	20,392										20,392
Financial assets at fair value through profit or loss	(2,490)										(2,490)
Depreciation of owned assets	9,758										9,758
Depreciation of right-of-use assets	7,958										7,958
Accrued rent-free rental income	(1,530)										(1,530)
Write-done of properties held for sale	80,000										80,000
Reversal of impairment losses on loan and interest receivables	(120)										(120)
Reversal of impairment losses on debt investments at fair value through other comprehensive income	(6,051)										(6,051)
	63,413	7	(686)	1,482	1,298			(3,175)			62,339
Decrease in properties held for sale	156,921										156,921
Increase in properties under development	(1,399,531)		11,326	380,964	737,398						(269,843)
Decrease/(increase) in prepayments, other receivables and other assets	(30,181)		290	61,004	(26,673)						4,440
Decrease in cost of obtaining contracts	119										119
Increase in loan and interest receivables	(14,268)										(14,268)
Decrease in trade payables	(4,155)										(4,155)
Decrease in contract liabilities	(19,445)										(19,445)
Increase in other payables and accruals	20,240		(161)	(1,303)	(4,309)						14,467
Increase in amounts due to the Post-Disposal Group	–	(7)	(15,700)	(443,981)	(340,475)				800,163		–
Increase in deposits received and receipts in advance	1,099										1,099
Cash used in operations	(1,225,788)		(4,931)	(1,834)	367,239			(3,175)	800,163		(68,326)
Profit tax paid	(173,197)										(173,197)
Interest paid related to lease liabilities	(322)										(322)
Net cash flows used in operating activities	(1,399,307)		(4,931)	(1,834)	367,239			(3,175)	800,163		(241,845)

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**

	The Group for the year ended 31 March 2021										Unaudited pro forma of the Post-Disposal Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Pro forma adjustments			HK\$'000	HK\$'000	HK\$'000	
	Note 1	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13	Note 14	
Cash flows from investing activities											
Interest received	31,830										31,830
Additions to investment properties	(42,011)										(42,011)
Purchases of items of property, plant and equipment	(389)										(389)
Purchase of debt investments at fair value through other comprehensive income	(112,689)										(112,689)
Proceeds from disposals of debt investments at fair value through other comprehensive income	126,609										126,609
Purchase of financial assets at fair value through profit or loss	(38,852)										(38,852)
Proceeds from disposal of subsidiaries	91,683						1,944,070				2,035,753
Investments in joint ventures	(112,604)					(2,334,000)					(2,446,604)
Return of capital from joint ventures	870,190										870,190
Repayments of loans from joint ventures	41,565										41,565
Cash advanced to joint ventures	(547,873)										(547,873)
Repayments of loan from joint ventures partners	24,100										24,100
Net cash flows from/(used in) investing activities	<u>331,559</u>					(2,334,000)	1,944,070				<u>(58,371)</u>
Cash flows from financing activities											
Interest paid	(171,750)		4,819								(166,931)
Principal portion of lease payments	(4,787)										(4,787)
Repayment of bank borrowings	(262,631)										(262,631)
New bank borrowings	1,618,740			(196,787)	(371,410)						1,050,543
New other borrowings	3,300										3,300
Dividends paid	(109,440)										(109,440)
Dividend paid to non-controlling shareholders	(32,800)										(32,800)
Net cash flows from financing activities	<u>1,040,632</u>		4,819	(196,787)	(371,410)						<u>477,254</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(27,116)		(112)	(198,621)	(4,171)	(2,334,000)	1,944,070	(3,175)	800,163		177,038
Cash and cash equivalents at beginning of year	<u>853,619</u>		(950)								<u>852,669</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>826,503</u></u>		(1,062)	(198,621)	(4,171)	(2,334,000)	1,944,070	(3,175)	800,163		<u><u>1,029,707</u></u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE POST-DISPOSAL GROUP**

- (1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, as set out in the published interim results announcement of the Group for the six months ended 30 September 2021, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, as set out in the published annual report of the Group for the year ended 31 March 2021.
- (2) The adjustment represents the exclusion of assets and liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.
- (3) The adjustment represents the exclusion of assets and liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.
- (4) The adjustment represents the exclusion of assets and liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.
- (5) The adjustment represents the exclusion of assets and liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 30 September 2021.
- (6) The adjustment represents exclusion of the results and cash flows of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.
- (7) The adjustment represents exclusion of the results and cash flows of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.
- (8) The adjustment represents exclusion of the results and cash flows of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.
- (9) The adjustment represents exclusion of the results and cash flows of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company and the Disposal had been taken place on 1 April 2020.

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**

- (10) The adjustment represents the Group's contributions to the JV Company, assuming the maximum capital commitment by the Group of HK\$2,334,000,000 had been paid on 1 April 2020 or 30 September 2021, as appropriate.
- (11) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had been completed on 1 April 2020 or 30 September 2021, as appropriate. The pro forma gain on the Disposal, which is based on the total consolidated assets minus total consolidated liabilities other than the liability in respect of the shareholders' loans and bank loan (the "Net Asset Value") of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021, is calculated as follows:

		Seed Project 1 Holdco	Seed Project 2 Holdco	Seed Project 3 Holdco	Seed Project 4 Holdco	Total
	Notes	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Initial sum consideration		558,824	1,066,415	451,278	924,940	3,001,457
Adjustment for the consideration		–	–	–	(10,451)	(10,451)
Net consideration	(i)	558,824	1,066,415	451,278	914,489	2,991,006
Less: Net Asset Value of the Disposal Subsidiaries and their subsidiaries	(ii)	(558,824)	(1,066,415)	(451,278)	(914,489)	(2,991,006)
Pro forma gain on the Disposal		–	–	–	–	–
An analysis of the cash flows in respect of the Disposal is as follows:						
Cash consideration		558,824	1,066,415	451,278	914,489	2,991,006
Repayment of bank loans of Disposal Subsidiaries and their subsidiaries		(230,949)	(245,982)	(197,336)	(372,669)	(1,046,936)
Net inflow of cash and cash equivalents in respect of the Disposal		327,875	820,433	253,942	541,820	1,944,070

*Notes:*

- (i) The initial sum of the consideration for Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco are HK\$558,824,000, HK\$1,066,415,000, HK\$451,278,000 and HK\$924,940,000, respectively. The initial sum of the considerations were adjusted to the Net Asset Value of the Disposal subsidiaries and their subsidiaries.

**APPENDIX IIIA**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**

- (ii) The Net Assets Value of the Disposal Subsidiaries and their subsidiaries are based on the unaudited financial information as at 30 September 2021, as set out in Appendices IIA to IID to this circular, is calculated as follows:

	Seed Project 1 Holdco HK\$'000	Seed Project 2 Holdco HK\$'000	Seed Project 3 Holdco HK\$'000	Seed Project 4 Holdco HK\$'000	Total HK\$'000
Total assets	561,465	1,071,828	451,313	918,863	<b>3,003,469</b>
Less: Total liabilities	(562,064)	(1,075,433)	(452,882)	(919,025)	<b>(3,009,404)</b>
	(599)	(3,605)	(1,569)	(162)	<b>(5,935)</b>
Add: Shareholders' loans	328,474	824,038	255,511	541,982	<b>1,950,005</b>
Bank loans	230,949	245,982	197,336	372,669	<b>1,046,936</b>
Net Asset Value of the Disposal subsidiaries and their subsidiaries	<u>558,824</u>	<u>1,066,415</u>	<u>451,278</u>	<u>914,489</u>	<u><b>2,991,006</b></u>

This pro forma adjustment will not have any continuing effect on the consolidated statement of cash flows of the Post-Disposal Group.

- (12) This adjustment represents the estimated direct legal and professional costs related to the formation of the JV Company and the Disposal, which amounts to approximately HK\$3,175,000.
- (13) The adjustment represents the reclassification of the intra-group cash flows for the year ended 31 March 2021 as the Disposal Subsidiaries and their subsidiaries are no longer companies within the Post-Disposal Group after the completion of the Disposal.
- (14) The adjustment represents the share of results of the Disposal Subsidiaries and their subsidiaries using the equity method of accounting for the year ended 31 March 2021, assuming the formation of the JV Company and the Disposal had been completed on 1 April 2020. The share of profit or loss of joint ventures represents 50% of the results of the Disposal Subsidiaries and their subsidiaries, which is based on the results of the Disposal Subsidiaries and their subsidiaries for the year ended 31 March 2021, as set out in Appendices IIA to IID to this circular. This adjustment is expected to have a continuing effect on the consolidated statement of profit or loss and other comprehensive income of the Group after the completion of the formation of the JV Company and the Disposal.

	Seed Project 1 Holdco HK\$'000	Seed Project 2 Holdco HK\$'000	Seed Project 3 Holdco HK\$'000	Seed Project 4 Holdco HK\$'000	Total HK\$'000
Profit/(loss) for the year ended 31 March 2021	(7)	686	(1,482)	(1,298)	<u><b>(2,101)</b></u>
Share of 50% of results					<u><b>(1,050)</b></u>



**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT  
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE POST-DISPOSAL GROUP**

*The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Group.*



27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

8 December 2021

To the Directors of Wang On Properties Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Properties Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021, and related notes set out in section A of Appendix IIIA of the circular dated 8 December 2021 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the (a) the formation of a joint venture in respect of Giant Harmony Limited (the “**JV Company**”) on a 50:50 basis between Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner and (b) disposal of (i) the entire issued share capital of Spectrum Delight Limited (“**Seed Project 1 Holdco**”) and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited (“**Seed Project 2 Holdco**”) and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited (“**Seed Project 3 Holdco**”) and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited (“**Seed Project 4 Holdco**”, together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the “**Disposal Subsidiaries**”) and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the “**Disposal**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix IIIA to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the formation of the JV Company and the Disposal on the Group's financial position as at 30 September 2021 and the Group's financial performance and cash flows for the year ended 31 March 2021 as if the formation of the JV Company and the Disposal had taken place on 30 September 2021 and 1 April 2020, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2021 and published interim results announcement for the six months ended 30 September 2021.

#### **Directors' responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the formation for the JV Company and the Disposal on unadjusted financial information of the Group as if the formation for the JV Company and the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the formation for the JV Company and the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the formation for the JV Company and the Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
*Ernst & Young*  
Certified Public Accountants  
Hong Kong

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE OPTION-REMAINING GROUP****Introduction**

The following is an illustrative unaudited pro forma consolidated financial information (the “**Unaudited Pro Forma Financial Information**”) of the remaining group of Wang On Properties Limited (the “**Company**”) and its subsidiaries (hereafter collectively referred to as the “**Group**”), immediately after (a) the formation of a joint venture in respect of Giant Harmony Limited (the “**JV Company**”) on a 50:50 basis between Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner; (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited (“**Seed Project 1 Holdco**”) and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited (“**Seed Project 2 Holdco**”) and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited (“**Seed Project 3 Holdco**”) and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited (“**Seed Project 4 Holdco**”, together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the “**Disposal Subsidiaries**”) and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the “**Disposal**”); and (c) the exercise by the APG JV Partner of certain options granted by the WOP JV Partner to the APG JV Partner (collectively, the “**Disposal Options**”), whereby the WOP JV Partner shall sell all its equity and loan interest in the JV Company to the APG JV Partner (the “**Exit**”). The remaining group of the Group after the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit are hereinafter referred to as the “**Option-Remaining Group**”. The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Option-Remaining Group as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Option-Remaining Group for the year ended 31 March 2021, which have been prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit.

The preparation of the unaudited pro forma consolidated statement of financial position of the Option-Remaining Group is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, which has been extracted from the published interim results announcement of the Group for the six months ended 30 September 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been completed on 30 September 2021.

The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Option-Remaining Group is based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, which have been extracted from the published annual report of the Group for the year ended 31 March 2021 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been completed on 1 April 2020.

A narrative description of the pro forma adjustments of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the results of operations, financial position or cash flows of the Option-Remaining Group had the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit been completed as at the respective dates to which it is made up to or at any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Option-Remaining Group's future results of operations, financial positions or cash flows. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 March 2021, the published interim results announcement of the Company for the six months ended 30 September 2021, the financial information of the Disposal Subsidiaries and their subsidiaries as set out in Appendices IIA to IID to this circular, the joint announcement of the Company and Wang On Group Limited dated 8 November 2021 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Option-Remaining Group.

**APPENDIX IIIB**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE OPTION-REMAINING GROUP**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION OF THE OPTION-REMAINING GROUP**

	The Group as at 30 September 2021										Unaudited pro forma of the Option-Remaining Group HK'000
	HK'000 Note 1	HK'000 Note 2	HK'000 Note 3	HK'000 Note 4	Pro forma adjustments		HK'000 Note 11	HK'000 Note 12	HK'000 Note 13	HK'000	
					HK'000 Note 5	HK'000 Note 10					
<b>NON-CURRENT ASSETS</b>											
Property, plant and equipment	95,267										95,267
Investment properties	80,000										80,000
Properties under development	2,366,640	(492,581)	(927,551)		(796,867)						149,641
Investments in joint ventures	1,737,307					2,334,000			(2,334,000)		1,737,307
Debt investments at fair value through other comprehensive income	23,863										23,863
Financial assets at fair value through profit or loss	84,914										84,914
Loan and interest receivables	13,646										13,646
Prepayments, other receivables and other assets	337,085	(68,130)	(142,185)		(119,451)						7,319
Deferred tax assets	3,294										3,294
Total non-current assets	<u>4,742,016</u>	<u>(560,711)</u>	<u>(1,069,736)</u>		<u>(916,318)</u>	<u>2,334,000</u>			<u>(2,334,000)</u>		<u>2,195,251</u>
<b>CURRENT ASSETS</b>											
Properties under development	3,456,016			(388,351)							3,067,665
Properties held for sale	605,436										605,436
Loan and interest receivables	23,520										23,520
Prepayments, other receivables and other assets	349,000	(53)	(1,260)	(60,919)	(30)						286,738
Cost of obtaining contracts	1,241										1,241
Tax recoverable	8,775										8,775
Cash and cash equivalents	700,891	(701)	(832)	(2,043)	(2,515)	(2,334,000)	1,944,070	(3,175)	2,334,000		2,635,695
Debt investments at fair value through other comprehensive income	73,269										73,269
Financial assets at fair value through profit or loss	51,890										51,890
Assets classified as held for sale	<u>5,270,038</u>	<u>(754)</u>	<u>(2,092)</u>	<u>(451,313)</u>	<u>(2,545)</u>	<u>(2,334,000)</u>	<u>1,944,070</u>	<u>(3,175)</u>	<u>2,334,000</u>		<u>6,754,229</u>
	<u>501,387</u>										<u>501,387</u>
Total current assets	<u>5,771,425</u>	<u>(754)</u>	<u>(2,092)</u>	<u>(451,313)</u>	<u>(2,545)</u>	<u>(2,334,000)</u>	<u>1,944,070</u>	<u>(3,175)</u>	<u>2,334,000</u>		<u>7,255,616</u>
<b>CURRENT LIABILITIES</b>											
Trade payables	17,809										17,809
Other payables and accruals	93,313	(2,641)	(5,413)	(35)	(4,374)						80,850
Amounts due to the Option-Remaining Group	–	(328,474)	(824,038)	(255,511)	(541,982)		1,950,005				–
Financial liabilities at fair value through profit or loss	2,953										2,953
Contract liabilities											
Interest-bearing bank and other borrowings	48,639										48,639
Tax payable	1,672,998		(245,982)								1,427,016
	<u>2,444</u>										<u>2,444</u>
Liabilities directly associated with the assets classified as held for sale	<u>1,838,156</u>	<u>(331,115)</u>	<u>(1,075,433)</u>	<u>(255,546)</u>	<u>(546,356)</u>		<u>1,950,005</u>				<u>1,579,711</u>
	<u>200,301</u>										<u>200,301</u>
Total current liabilities	<u>2,038,457</u>	<u>(331,115)</u>	<u>(1,075,433)</u>	<u>(255,546)</u>	<u>(546,356)</u>		<u>1,950,005</u>				<u>1,780,012</u>
<b>NET CURRENT ASSETS</b>	<u>3,732,968</u>	<u>330,361</u>	<u>1,073,341</u>	<u>(195,767)</u>	<u>543,811</u>	<u>(2,334,000)</u>	<u>(5,935)</u>	<u>(3,175)</u>	<u>2,334,000</u>		<u>5,475,604</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>8,474,984</u>	<u>(230,350)</u>	<u>3,605</u>	<u>(195,767)</u>	<u>(372,507)</u>		<u>(5,935)</u>	<u>(3,175)</u>			<u>7,670,855</u>

**APPENDIX IIIB**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE OPTION-REMAINING GROUP**

	The Group as at 30 September 2021								Unaudited pro forma of the Option- Remaining Group		
	HK'000	HK'000	HK'000	HK'000	Pro forma adjustments		HK'000	HK'000	HK'000	HK'000	
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 10	Note 11	Note 12	Note 13		
<b>NON-CURRENT LIABILITIES</b>											
Other payables	6,300										6,300
Financial liabilities at fair value through profit or loss	11,070										11,070
Interest-bearing bank and other borrowings	3,414,501	(230,949)		(197,336)	(372,669)						2,613,547
Deferred tax liabilities	482										482
Total non-current liabilities	<u>3,432,353</u>	(230,949)		(197,336)	(372,669)						<u>2,631,399</u>
Net assets	<u>5,042,631</u>	599	3,605	1,569	162		(5,935)	(3,175)			<u>5,039,456</u>
<b>EQUITY</b>											
Equity attributable to owners of the parent											
Issued capital	15,200										15,200
Reserves	<u>5,016,131</u>	599	3,605	1,569	162		(5,935)	(3,175)			<u>5,012,956</u>
Non-controlling interests	5,031,331	599	3,605	1,569	162		(5,935)	(3,175)			5,028,156
	<u>11,300</u>										<u>11,300</u>
Total equity	<u>5,042,631</u>	599	3,605	1,569	162		(5,935)	(3,175)			<u>5,039,456</u>



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE OPTION-  
REMAINING GROUP

	The Group for the year ended 31 March 2021 HK'000 Note 1	Pro forma adjustments					Unaudited pro forma of the Option- Remaining Group HK'000
		HK'000 Note 6	HK'000 Note 7	HK'000 Note 8	HK'000 Note 9	HK'000 Note 12	
<b>REVENUE</b>	314,806						314,806
Cost of sales	(147,873)						(147,873)
Gross profit	166,933						166,933
Other income and gains, net	129,042		(3,597)	(205)	(1,793)		123,447
Selling and distribution expenses	(64,228)						(64,228)
Administrative expenses	(106,924)	7	2,911	1,687	3,091	(3,175)	(102,403)
Reversal of impairment losses of financial assets	6,171						6,171
Finance costs	(77,473)						(77,473)
Fair value losses on investment properties, net	(64,441)						(64,441)
Fair value gains on financial assets at fair value through profit of loss, net	2,490						2,490
Fair value losses on derivative financial instruments	(20,392)						(20,392)
Write-down of properties held for sale	(80,000)						(80,000)
Share of profits and losses of joint ventures	585,783						585,783
<b>PROFIT BEFORE TAX</b>	476,961	7	(686)	1,482	1,298	(3,175)	475,887
Income tax expenses	(8,784)						(8,784)
<b>PROFIT FOR THE YEAR</b>	<u>468,177</u>	7	(686)	1,482	1,298	(3,175)	<u>467,103</u>
<b>OTHER COMPREHENSIVE INCOME</b>							
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:							
Debt investments at fair value through other comprehensive income:							
Changes in fair value	3,007						3,007
Reclassification adjustments for gains/losses included in profit or loss							
– gain on disposal	(4,509)						(4,509)
– reversal of impairment losses	(6,051)						(6,051)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(7,553)						(7,553)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u>(7,553)</u>						<u>(7,553)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>460,624</u>	7	(686)	1,482	1,298	(3,175)	<u>459,550</u>
Profit attributable to:							
Owners of the parent	466,745	7	(686)	1,482	1,298	(3,175)	465,671
Non-controlling interests	1,432						1,432
	<u>468,177</u>	7	(686)	1,482	1,298	(3,175)	<u>467,103</u>
Total comprehensive income attributable to:							
Owners of the parent	459,192	7	(686)	1,482	1,298	(3,175)	458,118
Non-controlling interests	1,432						1,432
	<u>460,624</u>	7	(686)	1,482	1,298	(3,175)	<u>459,550</u>

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS  
OF THE OPTION-REMAINING GROUP

	The Group for the year ended 31 March 2021	Pro forma adjustments									Unaudited pro forma of the Option- Remaining Group
		HKS'000 Note 1	HKS'000 Note 6	HKS'000 Note 7	HKS'000 Note 8	HKS'000 Note 9	HKS'000 Note 10	HKS'000 Note 11	HKS'000 Note 12	HKS'000 Note 13	
CASH FLOWS FROM OPERATING ACTIVITIES											
Profit before tax	476,961	7	(686)	1,482	1,298				(3,175)		475,887
Adjustments for:											
Finance costs	77,473										77,473
Interest income from bank deposits	(2,478)										(2,478)
Interest income from loan receivables	(4,595)										(4,595)
Interest income from debt investments at fair value through other comprehensive income	(34,747)										(34,747)
Gain on disposal of subsidiaries, net	(30,688)										(30,688)
Gain on disposal of debt investments at fair value through other comprehensive income	(5,088)										(5,088)
Share of profits and losses of joint ventures	(585,783)										(585,783)
Fair value losses/(gains), net											
Investment properties	64,441										64,441
Derivative financial instruments	20,392										20,392
Financial assets at fair value through profit or loss	(2,490)										(2,490)
Depreciation of owned assets	9,758										9,758
Depreciation of right-of-use assets	7,958										7,958
Accrued rent-free rental income	(1,530)										(1,530)
Write-done of properties held for sale	80,000										80,000
Reversal of impairment losses on loan and interest receivables	(120)										(120)
Reversal of impairment losses on debt investments at fair value through other comprehensive income	(6,051)										(6,051)
	63,413	7	(686)	1,482	1,298				(3,175)		62,339
Decrease in properties held for sale	156,921										156,921
Increase in properties under development	(1,399,531)		11,326	380,964	737,398						(269,843)
Decrease/(increase) in prepayments, other receivables and other assets	(30,181)		290	61,004	(26,673)						4,440
Decrease in cost of obtaining contracts	119										119
Increase in loan and interest receivables	(14,268)										(14,268)
Decrease in trade payables	(4,155)										(4,155)
Decrease in contract liabilities	(19,445)										(19,445)
Increase in other payables and accruals	20,240		(161)	(1,303)	(4,309)						14,467
Increase in amounts due to the Option-Remaining Group	–	(7)	(15,700)	(443,981)	(340,475)					800,163	–
Increase in deposits received and receipts in advance	1,099										1,099
Cash used in operations	(1,225,788)		(4,931)	(1,834)	367,239				(3,175)	800,163	(68,326)
Profit tax paid	(173,197)										(173,197)
Interest paid related to lease liabilities	(322)										(322)
Net cash flows used in operating activities	(1,399,307)		(4,931)	(1,834)	367,239				(3,175)	800,163	(241,845)

**APPENDIX IIIB**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE OPTION-REMAINING GROUP**

	The Group for the year ended 31 March 2021										Unaudited pro forma of the Option-Remaining Group	
	HKS'000	HKS'000	HKS'000	HKS'000	Pro forma adjustments			HKS'000	HKS'000	HKS'000		HKS'000
	Note 1	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13	Note 14		
Cash flows from investing activities												
Interest received	31,830											31,830
Additions to investment properties	(42,011)											(42,011)
Purchases of items of property, plant and equipment	(389)											(389)
Purchase of debt investments at fair value through other comprehensive income	(112,689)											(112,689)
Proceeds from disposal of a joint venture	–								2,334,000			2,334,000
Proceeds from disposal of debt investments at fair value through other comprehensive income	126,609											126,609
Purchase of financial assets at fair value through profit or loss	(38,852)											(38,852)
Proceeds from disposal of subsidiaries	91,683								1,944,070			2,035,753
Investments in joint ventures	(112,604)					(2,334,000)						(2,446,604)
Return of capital from joint ventures	870,190											870,190
Repayments of loans from joint ventures	41,565											41,565
Cash advanced to joint ventures	(547,873)											(547,873)
Repayments of loan from joint ventures partners	24,100											24,100
Net cash flows from investing activities	<u>331,559</u>					(2,334,000)	1,944,070		2,334,000			<u>2,275,629</u>
Cash flows from financing activities												
Interest paid	(171,750)		4,819									(166,931)
Principal portion of lease payments	(4,787)											(4,787)
Repayment of bank borrowings	(262,631)											(262,631)
New bank borrowings	1,618,740			(196,787)	(371,410)							1,050,543
New other borrowings	3,300											3,300
Dividends paid	(109,440)											(109,440)
Dividend paid to non-controlling shareholders	(32,800)											(32,800)
Net cash flows from financing activities	<u>1,040,632</u>		4,819	(196,787)	(371,410)							<u>477,254</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(27,116)		(112)	(198,621)	(4,171)	(2,334,000)	1,944,070	(3,175)	2,334,000	800,163		2,511,038
Cash and cash equivalents at beginning of year	<u>853,619</u>		(950)									<u>852,669</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>826,503</u></u>		(1,062)	(198,621)	(4,171)	(2,334,000)	1,944,070	(3,175)	2,334,000	800,163		<u><u>3,363,707</u></u>

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE OPTION-REMAINING GROUP**

- (1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021, as set out in the published interim results announcement of the Group for the six months ended 30 September 2021, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2021, as set out in the published annual report of the Group for the year ended 31 March 2021.
- (2) The adjustment represents the exclusion of assets and liabilities of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.
- (3) The adjustment represents the exclusion of assets and liabilities of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.
- (4) The adjustment represents the exclusion of assets and liabilities of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary as at 30 September 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.
- (5) The adjustment represents the exclusion of assets and liabilities of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries as at 30 September 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.
- (6) The adjustment represents exclusion of the results and cash flows of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 1 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIA to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.
- (7) The adjustment represents exclusion of the results and cash flows of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 2 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIB to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.
- (8) The adjustment represents exclusion of the results and cash flows of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 3 Holdco and its subsidiary for the year ended 31 March 2021, as set out in Appendix IIC to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.

- (9) The adjustment represents exclusion of the results and cash flows of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, which are extracted from the unaudited financial information of Seed Project 4 Holdco and its subsidiaries for the year ended 31 March 2021, as set out in Appendix IID to this circular, assuming the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been taken place on 1 April 2021.
- (10) The adjustment represents the Group's contributions to the JV Company, assuming the maximum capital commitment by the Group of HK\$2,334,000,000 had been paid on 1 April 2020 or 30 September 2021, as appropriate.
- (11) The adjustment reflects the pro forma gain on the Disposal assuming that the Disposal had been completed on 1 April 2020 or 30 September 2021, as appropriate. The pro forma gain on the Disposal, which is based on the total consolidated assets minus total consolidated liabilities other than the liability in respect of the shareholders' loans and bank loan (the "Net Asset Value") of the Disposal Subsidiaries and their subsidiaries as at 30 September 2021, is calculated as follows:

	Notes	Seed Project 1 Holdco HK\$ '000	Seed Project 2 Holdco HK\$ '000	Seed Project 3 Holdco HK\$ '000	Seed Project 4 Holdco HK\$ '000	Total HK\$ '000
Initial sum consideration		558,824	1,066,415	451,278	924,940	3,001,457
Adjustment for the consideration		–	–	–	(10,451)	(10,451)
Net consideration	(i)	558,824	1,066,415	451,278	914,489	2,991,006
Less: Net Asset Value of the Disposal Subsidiaries and their subsidiaries	(ii)	(558,824)	(1,066,415)	(451,278)	(914,489)	(2,991,006)
Pro forma gain on the Disposal		–	–	–	–	–
An analysis of the cash flows in respect of the Disposal is as follows:						
Cash consideration		558,824	1,066,415	451,278	914,489	2,991,006
Repayment of bank loans of Disposal Subsidiaries and their subsidiaries		(230,949)	(245,982)	(197,336)	(372,669)	(1,046,936)
Net inflow of cash and cash equivalents in respect of the Disposal		327,875	820,433	253,942	541,820	1,944,070

## Notes:

- (i) The initial sum of the consideration for Seed Project 1 Holdco, Seed Project 2 Holdco, Seed Project 3 Holdco and Seed Project 4 Holdco are HK\$558,824,000, HK\$1,066,415,000, HK\$451,278,000 and HK\$924,940,000, respectively. The initial sum of the considerations were adjusted to the Net Asset Value of the Disposal subsidiaries and their subsidiaries.

- (ii) The Net Assets Value of the Disposal Subsidiaries and their subsidiaries are based on the unaudited financial information as at 30 September 2021, as set out in Appendices IIA to IID to this circular, is calculated as follows:

	Seed Project 1 Holdco HK\$ '000	Seed Project 2 Holdco HK\$ '000	Seed Project 3 Holdco HK\$ '000	Seed Project 4 Holdco HK\$ '000	Total HK\$ '000
Total assets	561,465	1,071,828	451,313	918,863	<b>3,003,469</b>
Less: Total liabilities	(562,064)	(1,075,433)	(452,882)	(919,025)	<b>(3,009,404)</b>
	(599)	(3,605)	(1,569)	(162)	<b>(5,935)</b>
Add: Shareholders' loans	328,474	824,038	255,511	541,982	<b>1,950,005</b>
Bank loans	230,949	245,982	197,336	372,669	<b>1,046,936</b>
Net Asset Value of the Disposal subsidiaries and their subsidiaries	<u>558,824</u>	<u>1,066,415</u>	<u>451,278</u>	<u>914,489</u>	<u><b>2,991,006</b></u>

This pro forma adjustment will not have any continuing effect on the consolidated statement of cash flows of the Option-Remaining Group.

- (12) This adjustment represents the estimated direct legal and professional costs related to the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit, which amounts to approximately HK\$3,175,000.
- (13) This adjustment represents exercise of the Disposal Options and the Exit, assuming the consideration of the Exit was HK\$2,334,000,000, which is the fair value of the 50% shares of the JV Company held by the Group and equal to the maximum capital commitment by the Group, and the exercise of the Disposal Options and the Exit had been taken place on 30 September 2021.
- (14) The adjustment represents the reclassification of the intra-group cash flows for the year ended 31 March 2021 as the Disposal Subsidiaries and their subsidiaries are no longer companies within the Option-Remaining Group after the completion of the Disposal.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT  
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE OPTION-REMAINING GROUP**

*The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Group.*



27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

8 December 2021

To the Directors of Wang On Properties Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wang On Properties Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2021, and related notes set out in section A of Appendix IIIB of the circular dated 8 December 2021 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with (a) the formation of a joint venture in respect of Giant Harmony Limited (the “**JV Company**”) on a 50:50 basis between Stichting Depository APG Strategic Real Estate Pool (the “**APG JV Partner**”) and Lucky Dynasty International Limited (the “**WOP JV Partner**”), an indirect wholly-owned subsidiary of the Company, upon completion of the subscription of a new share in the JV Company by the APG JV Partner and the provision of initial shareholder’s loan(s) to the JV Company by the APG JV Partner and the WOP JV Partner; (b) the disposal of (i) the entire issued share capital of Spectrum Delight Limited (“**Seed Project 1 Holdco**”) and the loan owing by Seed Project 1 Holdco to Oasis Billion Limited; (ii) the entire issued share capital of Pop Prestige Limited (“**Seed Project 2 Holdco**”) and the loan owing by Seed Project 2 Holdco to More Action Investments Limited; (iii) the entire issued share capital of Surplus Hunter Limited (“**Seed Project 3 Holdco**”) and the loan owing by Seed Project 3 Holdco to Treasure South Limited; and (iv) the entire issued share capital of Sole Champion Limited (“**Seed Project 4 Holdco**”, together with Seed Project 1 Holdco, Seed Project 2 Holdco and Seed Project 3 Holdco, the “**Disposal Subsidiaries**”) and the loan owing by Seed Project 4 Holdco to Vivid Gemini Limited, to the JV Company (collectively, the “**Disposal**”); and (c) the exercise by the APG JV Partner of certain options granted by the WOP JV Partner to the APG JV Partner (collectively, the “**Disposal Options**”), whereby the WOP JV Partner shall sell all its equity and loan interest in the JV Company to the APG JV Partner (the “**Exit**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section A of Appendix IIIB to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit on the Group's financial position as at 30 September 2021 and the Group's financial performance and cash flows for the year ended 31 March 2021 as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had taken place on 30 September 2021 and 1 April 2020, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2021 and published interim results announcement for the six months ended 30 September 2021.

#### **Directors' responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.



We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit on unadjusted financial information of the Group as if the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the formation of the JV Company, the Disposal, and the exercise of the Disposal Options and the Exit, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
*Ernst & Young*  
Certified Public Accountants  
Hong Kong

*The following is the text of a letter, summary of valuation and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Seed Projects as at 30 September 2021.*



**Asset Appraisal Limited**  
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building  
145 Hennessy Road, Wanchai, HK  
香港灣仔軒尼詩道145號安康商業大廈9字樓901室  
Tel : (852) 2529 9448 Fax : (852) 3521 9591

8 December 2021

**The Board of Directors**  
**Wang On Properties Limited**  
Suite 3201 32/F  
Skyline Tower  
No. 39 Wang Kwong Road  
Kowloon Bay Kowloon

Dear Sirs,

**Re: Valuation of Properties situated in Hong Kong**

In accordance with the instructions from **Wang On Properties Limited** (the “**Company**”) to value certain property development sites (the “**Seed Projects**”) held by the Company or its subsidiaries (altogether referred to as the “**Group**”), we confirm that we have carried out inspection of the Seed Projects, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Seed Projects as at **30 September 2021** (the “**Valuation Date**”).

**BASIS OF VALUATION**

Our valuation of the Seed Projects represents its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

**TITLESHIP**

We have caused searches to be made at the appropriate Land Registry for the Seed Projects. However, we have not verified ownerships of the Seed Projects or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

**VALUATION METHODOLOGY**

In valuing the Seed Projects as development sites, we have adopted the Market Approach assuming sale of each of the Seed Projects in its existing state by making reference to comparable sales transactions of similar properties as identified on the market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. For the project(s) of which construction work has commenced and categorized as property under development in this report, we have taken into account the construction costs that have been expended up to the Valuation Date in arriving at their existing state market values.

In valuing market value as if it were fully completed on the Valuation Date for those Seed Projects categorized as properties under development, we have assumed that each of them on the basis that it will be developed and completed in accordance with the latest development scheme provided to us by the Company on the assumption that all relevant consents, approvals and licenses from the relevant Government authorities for the development scheme and for the construction work commencement have been obtained without onerous conditions or delays. The determined value represents our opinion of the aggregate selling prices of all the components or units of the concerned project as assessed using the Market Approach assuming it were fully completed on the Valuation Date.

**ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Seed Projects on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Seed Projects.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

**LIMITING CONDITIONS**

No allowance has been made in our report for any charges, mortgages or amounts owing on the Seed Projects nor for any expenses or taxation which may be incurred in holding them. It is assumed that the Seed Projects are free from encumbrances, restrictions, outgoings of an onerous nature and any third party rights, which could affect their values.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Seed Projects but have assumed that the site areas and the floor areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Seed Projects were last inspected on 2 October 2021 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Seed Projects. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, she has ascertained the following matters of the Seed Projects as at the date of site inspection:

- the general environment and development conditions of the area in which the Seed Projects are situated;
- the existing development status and the existing uses of the Seed Projects;
- the occupancy of the Seed Projects;
- the facilities provided by the Seed Projects; and
- the existence of any closure order and resumption order affixed to the Seed Projects.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Seed Projects, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

All market values of the Seed Projects are denominated in Hong Kong Dollars.

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully, for and on behalf of  
**Asset Appraisal Limited**

**Sandra Lau**  
*MHKIS AAPI RPS(GP)*  
Director

*Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.*

## SUMMARY OF VALUATION

<b>Property</b>	<b>Market value in existing state as at 30 September 2021 HK\$</b>
<b>Group I: Property interests held by the Group for future development</b>	
1. Nos. 34-36 Main Street Nos. 5-9 Wai Fung Street Ap Lei Chau Hong Kong (Seed Project 1)	493,000,000
2. Nos. 26-48 Ming Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 2)	928,000,000
3. Nos. 31-41, 45 Fei Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 4)	800,000,000
<b>Sub-total:</b>	<b>2,221,000,000</b>
<b>Group II: Property interests held by the Group under development</b>	
4. Nos. 120-126 Main Street Ap Lei Chau Hong Kong (Seed Project 3)	390,000,000
<b>Sub-total:</b>	<b>390,000,000</b>
<b>Grand Total:</b>	<b>2,611,000,000</b>

## VALUATION CERTIFICATE

*Group I — Property interests held by the Group for future development*

<b>Property No. 1</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market Value in Existing State as at 30 September 2021 HKD</b>
Nos. 34-36 Main Street Nos. 5-9 Wai Fung Street Ap Lei Chau Hong Kong (Seed Project 1)	The property comprises a development site with an area of approximately 4,126 square feet on which 4 contiguous 7-storey tenement blocks were erected as at the Valuation Date. They were completed in between 1979 and 1988.	As confirmed by the Company, the property is currently vacant and is pending for redevelopment.	493,000,000
Ap Lei Chau Inland Lot Nos. 50ARP, 50RP, 51, 54RP and 59	The property is falling within the early established residential area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail shops. The Ap Lei Chau Waterfront Promenade Community Garden and the Hung Shing Street Rest Garden are abutting to the property at the north. An exit of the MTR (Lei Tung) Station is within easy walking distant from the property.		



Property No. 1	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 HKD
	<p data-bbox="491 463 912 942">The property is planned to be developed into a 24-storey residential building with a total gross floor area of approximately 38,562 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of approximately 2,736 square feet shall be provided on the ground floor and residents' facilities with a total gross floor area of 840 square feet shall be provided on 1st floor of the proposed development. As advised by the Company, demolition of the existing buildings of the property shall commence in 2022.</p> <p data-bbox="491 985 863 1140">Ap Lei Chau Inland Lot Nos. 50ARP and 50RP are held under a Government Lease for a term of 75 years renewable for 75 years commencing on 1 January 1910.</p> <p data-bbox="491 1183 912 1304">Ap Lei Chau Inland Lot No. 51 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 19 October 1933.</p> <p data-bbox="491 1347 912 1468">Ap Lei Chau Inland Lot No. 54 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 3 February 1934.</p> <p data-bbox="491 1510 912 1632">Ap Lei Chau Inland Lot No. 59 is held under a Government Lease for a term of 75 years renewable for 75 years commencing on 19 October 1933.</p> <p data-bbox="491 1674 895 1734">The total annual Government rent of the property is HK\$53,343.</p>		

*Notes:*

1. The registered owner of the property is Rich Dragon Limited, a wholly-owned subsidiary of the Group via memorial nos. 21072200780141, 21072300550015, 21072300550028, 21072300550036, 21072300550046, 21072300550055, 21072300550069, 21072300550075, 21072300550084, 21072300550090, 21072300550103, 21072300550118, 21072300550121, 21072300550131, 21072300550141, 21072300550153, 21072300550161, 21072300550173, 21072300550185, 21072300550208, 21072300550215, 21072300550220, 21072300550239, 21072300550245, 21072300550254, 21072300550265, 21072300550275, 21072300550280, 21072300550291 and 21072300550314 all dated 2 July 2021, memorial nos. 21072300550193 and 21081000090022 all dated 23 July 2021 and memorial no. 21090200760332 dated 6 August 2021.
2. The following encumbrances were registered against the property as at valuation date:
  - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21072300550325 dated 2 July 2021 and memorial no. 21081000090039 dated 10 August 2021.
  - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21072300550338 dated 2 July 2021 and memorial no. 21081000090045 dated 10 August 2021.
3. The existing building standing on Nos. 5-7 Wai Fung Street of the property is subject to Notice No. “UMW/50C108/1401-120/0018” issued by the Building Authority under Section 30C(3) of the Building Ordinance registered via memorial no. 21012500700245 dated 19 June 2015 and Notice No. “UMW/50C108/1401-120/0018” issued by the Building Authority under Section 30B(3) of the Building Ordinance registered via memorial no. 21012500700250 dated 19 June 2015.
4. The existing building standing on Nos. 34-36 Main Street of the property is subject to Notice No. “DR00410/HK/17” issued by the Building Authority under Section 28(3) of the Building Ordinance registered via memorial no. 17102502120076 dated 29 September 2017.
5. 1st Floor including Flat Roofs appertaining thereto, No. 34 Main Street of the property is subject to Notice No. “WC/TA01987/07/HK-Q07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 08060500430087 dated 12 July 2007.
6. As provided in the Government leases of the property, the subject land lots, the building thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever.
7. The property falls within an area zoned “Residential (Group A)2” under the Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 with a building height restriction of 85 metres (or approximately 279 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet).

## VALUATION CERTIFICATE

## Group I — Property interests held by the Group for future development

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 <i>HKD</i>
Nos. 26-48 Ming Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 2)	The property comprises a development site with an area of approximately 9,630 square feet on which 8 contiguous 7 to 8-storey tenement blocks were erected as at the Valuation Date. They were completed in between 1962 and 1965.	As confirmed by the Company, the property is currently vacant and is pending for redevelopment.	928,000,000
New Kowloon Inland Lot Nos. 4470, 4556 and 4566	<p>The subject locality is well established residential area featured with public housing estates and wide range of Government/Institution/Community facilities including schools, clinic, hospitals, wet market and the like. The property is falling within an early developed area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail facilities. The MTR (Wong Tai Sin) Station is about 0.7 kilometres at the south of the property.</p> <p>The property is planned to be developed into a residential development with a total gross floor area of approximately 81,276 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of 8,302 square feet shall be provided on the ground floor and a residents' clubhouse with a gross floor area of 720 square feet shall be provided on 1st Floor of the proposed development. As advised by the Company, demolition of the existing buildings of the property shall commence in 2022.</p>		

Property No. 2	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 HKD
	New Kowloon Inland Lot No. 4470 is held under Conditions of Exchange No. 6746 for a term of 99 years commencing on 1 July 1898.		
	New Kowloon Inland Lot No. 4556 is held under a Government lease for a term of 99 years commencing on 1 July 1898.		
	New Kowloon Inland Lot No. 4566 is held under Conditions of Exchange No. 7217 for a term of 99 years commencing on 1 July 1898.		
	The lease terms of all the above land lots have been statutorily extended to 30 June 2047 at an annual Government rent at 3% of their rateable values.		

*Notes:*

1. The registered owner of the property is Joint Hope Limited, a wholly-owned subsidiary of the Group via memorial no. 21101802680293 dated 27 September 2021.
2. All units of the property (except Unit B to D on Ground Floor, Unit D on 1st Floor, Unit E on 1st Floor, Unit F on 5th Floor and Unit C on 7th Floor of Nos. 26 to 32A Ming Fung Street, Unit A & B on 1st Floor, Unit A on 2nd Floor and Unit A on 3rd Floor of Nos. 34-36 Ming Fung Street, Ground Floor & 1st Floor of No. 38 Ming Fung Street, Ground Floor of No. 40 Ming Fung Street, Ground Floor of No. 44 Ming Fung Street, Ground Floor of No. 46 Ming Fung Street, Ground Floor & 2nd Floor of No. 48 Ming Fung Street) are subject to Mortgage in favour of Hang Seng Bank Limited registered via memorial no. 19032102130228 dated 26 February 2019.
3. The existing building standing on Nos. 38-48 Ming Fung Street of the property is subject to the following building orders issued by the Building Authority:
  - Superseding Notice No. “UMB/MB051203-042/0032” issued by the Building Authority under Section 30B(3) of the Building Ordinance registered via memorial no. 18080302160032 dated 27 June 2018
  - Superseding Notice No. “WNZ/U05-04/0013/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 10040100690036 dated 28 August 2009 (in relation to Ground Floor of No. 38 Ming Fung Street)
  - Notice No. “WC/TC00205/16/K-V12” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510263 dated 27 May 2016 (in relation to Ground Floor of No. 38 Ming Fung Street)

- Notice No. “WNZ/U05-04/0007/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890675 dated 10 February 2009 (in relation to 1st Floor of No. 38 Ming Fung Street)
- Order No. “UBCSN/06-91/0007/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 18071001750357 dated 11 May 2018 (in relation to 1st Floor of No. 38 Ming Fung Street)
- Notice No. “WNZ/U05-04/0002/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890641 dated 10 February 2009 (in relation to Ground Floor of No. 40 Ming Fung Street)
- Notice No. “WNZ/U05-04/0008/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890689 dated 10 February 2009 (in relation to 1st Floor of No. 40 Ming Fung Street)
- Order No. “UBCSN/06-91/0008/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 18071001750363 dated 11 May 2018 (in relation to 1st Floor of No. 40 Ming Fung Street)
- Notice No. “WNZ/U05-04/0003/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09090101210351 dated 10 February 2009 (in relation to Ground Floor of No. 42 Ming Fung Street)
- Notice No. “WC/TC00043/16/K-V12” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510259 dated 27 May 2016 (in relation to Ground Floor of No. 42 Ming Fung Street)
- Superseding Notice No. “UBCSN/06-91/0021/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030031 dated 31 May 2019 (in relation to Ground Floor of No. 42 Ming Fung Street)
- Notice No. “WNZ/U05-04/0009/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890696 dated 10 February 2009 (in relation to 1st Floor of No. 42 Ming Fung Street)
- Superseding Notice No. “UBCSN/06-91/0023/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030040 dated 31 May 2019 (in relation to 1st Floor of No. 42 Ming Fung Street)
- Notice No. “WNZ/U05-04/0004/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890659 dated 10 February 2009 (in relation to Ground Floor of No. 44 Ming Fung Street)
- Notice No. “WC/TC00206/16/K-V12” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510272 dated 27 May 2016 (in relation to Ground Floor of No. 44 Ming Fung Street)
- Superseding Notice No. “UBCSN/06-91/0024/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030057 dated 31 May 2019 (in relation to 1st Floor of No. 44 Ming Fung Street)

- Notice No. “WNZ/U05-04/0005/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890669 dated 10 February 2009 (in relation to Ground Floor of No. 46 Ming Fung Street)
  - Notice No. “WNZ/U05-04/0011/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890710 dated 10 February 2009 (in relation to 1st Floor of No. 46 Ming Fung Street)
  - Superseding Order No. “UBCSN/06-91/0025/13” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 19062002030066 dated 31 May 2019 (in relation to 1st Floor of No. 46 Ming Fung Street)
  - Notice No. “WNZ/U05-04/0006/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09090101210363 dated 10 February 2009 (in relation to Ground Floor of No. 48 Ming Fung Street)
  - Notice No. “WC/TC00042/16/K-V12” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 16091500510243 dated 27 May 2016 (in relation to Ground Floor of No. 48 Ming Fung Street)
  - Notice No. “WNZ/U05-04/0012/07” issued by the Building Authority under Section 24C(1) of the Building Ordinance registered via memorial no. 09072700890723 dated 10 February 2009 (in relation to 1st Floor of No. 48 Ming Fung Street)
4. As provided in Conditions of Exchange No. 6746, the salient terms concerning the use and development of New Kowloon Inland Lot No. 4470 are extracted as follows:
- The lot shall not be used for industrial purposes and no factory building shall be erected thereon.
  - No house shall have a frontage of less than one third of its depth.
5. As provided in the Government lease of New Kowloon Inland Lot No. 4556, it is subject to the following restrictions concerning the use and development of the lot:
- The lot or the buildings thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business.
  - The lot or the buildings thereon or any part of them except the ground floor or floors thereof will not be used or allow to be used for any purposes other than residential purposes.
  - The ground floor or floors of the building or buildings erected on the lot will not be used or allow to be used for any purposes other than residential or commercial purposes.
  - In no case will any house erected on the lot have a frontage of less than one third of its depth.

6. As provided in Conditions of Exchange No. 7217, the salient terms concerning the use and development of New Kowloon Inland Lot No. 4566 are extracted as follows:
- The whole lot and any building or buildings erected thereon (other than the ground floor or floors thereof) shall be used for residential purposes only and the said ground floor or floors shall be used for residential or commercial purposes only.
  - No house shall have a frontage of less than one third of its depth.
7. The property falls within an area zoned “Residential (Group A)1” under the Approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 with a building height restriction of 100 metres (or approximately 328 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet) or 120 metres (393.7 feet) above the Principal Datum for land area is 400 square metres (or 4,305.6 square feet) or more. On land designed “Residential (Group A)1” zone, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in the plot ratio of the building upon development and/or redevelopment in excess of 7.5 for a domestic building or 9.0 for a building that is partly domestic and partly non-domestic or the plot ratio of the existing building, whichever is the greater.

## VALUATION CERTIFICATE

## Group I — Property interests held by the Group for future development

Property No. 3	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 <i>HKD</i>
<p>Nos. 31-41, 45 Fei Fung Street Wong Tai Sin Kowloon Hong Kong (Seed Project 4)</p> <p>New Kowloon Inland Lot Nos. 4965 and 5236</p>	<p>The property comprises a development site with an area of approximately 10,432 square feet on which two 7-storey domestic buildings and one 10-storey domestic building were erected as at the Valuation Date. They were completed in between 1970 and 1971. The lowest 2 floor levels of these buildings have been designated for non-domestic uses.</p> <p>The subject locality is well established residential area featured with public housing estates and wide range of Government/Institution/Community facilities including schools, clinic, hospitals, wet market and the like. The property is falling within an early developed area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail facilities. The MTR (Wong Tai Sin) Station is about 0.7 kilometres at the south of the property.</p>	<p>As confirmed by the Company, the property is currently vacant and is pending for redevelopment.</p>	<p>800,000,000</p>



Property No. 3	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 <i>HKD</i>
	<p data-bbox="491 463 906 974">The property is planned to be developed into a residential development with a total gross floor area of approximately 93,669 square feet. Out of the aforesaid total gross floor area, retail shop units with a total gross floor area of 14,462 square feet shall be provided on the lowest 2 floor levels and residents' amenity facilities with a total gross floor area of 1,150 square feet shall be provided on 1st &amp; 2nd floor of the proposed development. As advised by the Company, no development schedule for the project has been planned as at the Valuation Date.</p> <p data-bbox="491 1006 882 1134">New Kowloon Inland Lot No. 4965 is held under Conditions of Grant No. 8946 for a term of 99 years commencing on 1 July 1898.</p> <p data-bbox="491 1166 898 1293">New Kowloon Inland Lot No. 5236 is held under a Government lease for a term of 99 years commencing on 1 July 1898.</p> <p data-bbox="491 1325 898 1485">The lease terms of all the above land lots have been statutorily extended to 30 June 2047 at an annual Government rent at 3% of their rateable values.</p>		

*Notes:*

1. The registered owner of all units (except Flat 3 on 2nd Floor) of Cheng Fung Mansion situated at Nos. 31-41 Fe Fung Street (constituting 88/90 shares of and in New Kowloon Inland Lot No. 4965 of the property) is Top Prince Limited, a wholly-owned subsidiary of the Group via memorial nos. 20102201360012, 20102301410040, 20102301410056, 20102701160079, 20102901140033, 20102901140048, 20102901140053, 20102901140066, 20102901140077, 20102901140081, 20103001390019, 20103001390026, 20103001390056, 20103001390063, 20103001390078, 20103001390100, 20110201090033, 20110201090049, 20110201090058, 20110201090069, 20110201090071, 20110201090108, 20110201090110, 20110201090129, 20110201090137, 20110201090146, 20110201090150, 20110401670021, 20110401670034, 20110401670088, 20110401670091 and 20110401670100 all dated 9 October 2020, memorial no. 21012801330097 dated 19 January 2021 and memorial no. 21082401380015 dated 30 July 2021.
2. The registered owner of Flat 3 on 2nd Floor of Cheng Fung Mansion situated at Nos. 31-41 Fe Fung Street (constituting 2/90 shares of and in New Kowloon Inland Lot No. 4965 of the property) is Chow Yin Wah via memorial no. UB838665 dated 28 September 1971.
3. The registered owner of No. 45 Fei Fung Street (New Kowloon Inland Lot No. 5236) of the property is Hopway Limited, a wholly-owned subsidiary of the Group via memorial nos. 20101201340029, 20101201340034, 20101201340049, 20101201340058, 20101201340067, 20101201340076, 20101402200040, 20101402200059, 20101402200065, 20101402200077, 20101402200086, 20101402200095, 20101402200106 and 20101402200111 all dated 15 September 2020, memorial nos. 20102201360020, 20102201360034, 20102201360046, 20102201360050, 20102201360063, 20102201360073 and 21010501240037 all dated 9 October 2020, memorial nos. 21102602000047 and 21102602000051 all dated 30 September 2021.
4. All units of Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street (except Flat 3 on 2nd Floor, Flat 5 on 2nd Floor, Flat 5 on 3rd Floor and Flat 6 on 3rd Floor thereof) are subject to the following registered encumbrances as at valuation date:
  - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970033 dated 28 December 2020.
  - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970049 dated 28 December 2020.
5. Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street is subject to Deed of Mutual Covenant registered via memorial no. UB831659 dated 17 September 1971.
6. A Sealed Copy Notice of Application to Lands Tribunal for an Order for Sale Under Land (Compulsory Sale for Redevelopment) Ordinance Land Compulsory Sale Main Application No. 33000/2020 with Top Prince Limited as the Applicant, Chow Yin Wah as the 1st Respondent, Very Sure Limited as the 2nd Respondent, Ho Fai Ting as the 3rd Respondent and Lau Hung as the 4th Respondent is registered against all units of Cheng Fung Mansion situated at Nos. 31-41 Fei Fung Street via memorial no. 20110902090518 dated 5 November 2020. As disclosed by the Lands Tribunal, the pre-trial review and the trial of the concerned application have been set down on 1 November 2021 and 9 December 2021 respectively.
7. The following encumbrances were registered against New Kowloon Inland Lot No. 5236 (No. 45 Fei Fung Street) of the property as at valuation date:
  - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970013 dated 28 December 2020.
  - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21010400970023 dated 28 December 2020.

8. The existing building standing on No. 45 Fei Fung Street of the property is subject to the following building orders issued by the Building Authority:
- Order No. “CUC/C-C7/0002/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230335 dated 24 March 2021 (in relation to Ground Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0001/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230320 dated 24 March 2021 (in relation to Lower Ground Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0003/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230348 dated 24 March 2021 (in relation to 1st Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0004/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230356 dated 24 March 2021 (in relation to Flat 1 to 7 on 2nd Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0005/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230369 dated 24 March 2021 (in relation to Flat 4 on 4th Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0006/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230375 dated 24 March 2021 (in relation to Flat 3 on 6th Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0007/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230389 dated 24 March 2021 (in relation to Flat 4 on 6th Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0008/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230392 dated 24 March 2021 (in relation to Flat 5 on 6th Floor of No. 45 Fei Fung Street)
  - Order No. “CUC/C-C7/0009/17” issued by the Building Authority under Section 24(1) of the Building Ordinance registered via memorial no. 21043001230407 dated 24 March 2021 (in relation to Flat 5 on 7th Floor of No. 45 Fei Fung Street)
9. As provided in the Conditions of Grant No. 8946, of NKIL No. 4965, the whole of New Kowloon Inland Lot No. 4965 of the property and any building or buildings erected thereon (other than the ground floor or floors thereof) shall be used for residential purposes only and the said ground floor or floors shall be used for residential or commercial purposes only. The lot shall not be used for industrial purposes and no factory building shall be erected on the lot.
10. As provided in the Government lease of New Kowloon Inland Lot No. 5236, it is subject to the following restrictions concerning the use and development of the lot:
- The whole or any part of the lot or any building erected thereon or any part of such building will not be used or allow to be used for industrial purposes and the lot will not be erected or allow to be erected any factory building.

- The whole or any part of the lot or any building erected thereon or any part of such building (other than the lower ground floor, ground floor and first floor or floors) will not be used or allow to be used for any purpose other than for residential purposes only.
  - The lower ground floor, ground floor and first floor or floors of any building or buildings erected on the lot shall only be used for residential or non-industrial purposes only.
  - The whole or any part of the lot or any building erected thereon or any part of such building will not be used for parking public vehicles or operating a taxi or public hire business or the assembly or repair or maintenance of motor vehicles or as a petrol filling or service station or motor vehicle show room.
  - The lot or the buildings thereon or any part of them shall not be used, exercised or followed the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business.
11. The property falls within an area zoned “Residential (Group A)1” under the Approved Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 with a building height restriction of 100 metres (or approximately 328 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet) or 120 metres (393.7 feet) above the Principal Datum for land area is 400 square metres (or 4,305.6 square feet) or more. On land designed “Residential (Group A)1” zone, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in the plot ratio of the building upon development and/or redevelopment in excess of 7.5 for a domestic building or 9.0 for a building that is partly domestic and partly non-domestic or the plot ratio of the existing building, whichever is the greater.

## VALUATION CERTIFICATE

## Group II: Property interests held by the Group under development

Property No. 4	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 <i>HKD</i>
Nos. 120-126 Main Street Ap Lei Chau Hong Kong (Seed Project 3)	<p>The property comprises a development site with an area of approximately 3,634 square feet.</p> <p>The property is falling within the early established residential area predominant with medium rise tenement blocks. Through various piecemeal redevelopments, some high-rise residential developments of various ages are found intermingling within the area. Lower floor levels of majority of the buildings are devoted for retail shops. The Ap Lei Chau Waterfront Promenade Community Garden and the Ap Lei Chau Wind Tower Park are located at the north of the property with Marina Habitat, a Sandwich Class Housing Scheme, situated in between. An exit of the MTR (Lei Tung) Station is within easy walking distant from the property.</p> <p>The property is planned to be developed into a 25-storey residential building with a total gross floor area of approximately 36,742 square feet. Out of the aforesaid total gross floor area, retail shop units and residents' amenity facilities with a total gross floor area of 2,245 square feet shall be provided on the ground floor and the 1st floor of the proposed development. The building plans of the property was approved by the Building Authority on 12 May 2021.</p> <p>As at the Valuation Date, construction of substructure was in progress and the development is scheduled for completion in 2023.</p>	The property is currently under construction.	390,000,000

Property No. 4	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 30 September 2021 <i>HKD</i>
	Ap Lei Chau Inland Lot No. 81 is held under Conditions of Exchange No. 8992 for a term of 75 years renewable for 75 years commencing on 17 January 1966 at an annual Government rent of HK\$4.		
	Ap Lei Chau Inland Lot No. 93 is held under Conditions of Exchange No. 10502 for a term of 999 years commencing on 30 June 1862 at an annual Government rent of HK\$4.		

## Notes:

1. The registered owner of the property is Well Value Limited, a wholly-owned subsidiary of the Group via memorial nos. 20082100680145, 20082100680158, 20082100680169, 2008210680170, 20082100680231, 20082400580081, 20082400580098, 20082400580101, 20082400580116, 20082400580126, 20082400580138, 20082400580147, 20082400580200, 20082400580217, 20082500690186, 20082500690231, 20082500690245, 20082500690251, 20082500690277, 20082500690285, 20082600650057, 20082700590086, 20082700590130 and 20082700590167 all dated 31 July 2021.
2. The following encumbrances were registered against the property as at valuation date:
  - Mortgage in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21040802050018 dated 26 March 2021.
  - Assignment of Sale Proceeds and Rental Proceeds in favour of The Hongkong And Shanghai Banking Corporation Limited registered via memorial no. 21040802050023 dated 26 March 2021.
3. As provided in the Conditions of Exchange No. 8992, Ap Lei Chau Inland Lot No. 81 of the property shall not be used for industrial purposes and no factory building shall be erected thereon.
4. As provided in the Conditions of Exchange No. 10502, Ap Lei Chau Inland Lot No. 93 of the property or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purposes other than for non-industrial purposes.
5. The property falls within an area zoned “Residential (Group A)2” under the Approved Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 with a building height restriction of 85 metres (or approximately 279 feet) above the Principal Datum for land area less than 400 square metres (or 4,305.6 square feet).
6. According to the information provided by the Company, a total construction costs of approximately HK\$8,610,000 has been expended to the property as at the Valuation Date which has been taken into account in arriving at the market value of the property in existing state and the further costs to be expended for completing the property is approximately HK\$183,000,000. Given the latest development scheme of the property as mentioned above, the gross development value (or the market value of the property as if it were fully completed) as at the Valuation Date is assessed at HK\$770,000,000.

Set out below is the management discussion and analysis of the Group's business and performance for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively. The financial data in respect of the Group, for the purpose of this circular, is derived from the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021 and the audited consolidated financial statements of the Group for each of the financial years ended 31 March 2021, 2020 and 2019, respectively.

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

### Financial Results

The Group's revenue and profit attributable to owners of the parent for the six months ended 30 September 2021 amounted to approximately HK\$6.0 million (six months ended 30 September 2020: approximately HK\$250.3 million) and approximately HK\$148.6 million (six months ended 30 September 2020: approximately HK\$71.9 million), respectively. The profit for the year was mainly attributable to the completion of jointly developed property projects and share of profits recognised from joint ventures.

### Business Review

#### *Property Development*

No revenue recognised in this business segment during the reporting period as only the then joint venture projects had sales recognition (six months ended 30 September 2020: approximately HK\$245.4 million).

The delivery of remaining stocks of two joint venture projects, namely maya and Altissimo, in the reporting period contributed approximately HK\$141.7 million net profit to the Group.

"maya", which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by the Group together with CIFI. As at 30 September 2021, 306 out of 326 units released have been sold, the aggregate sales proceeds amounted to approximately HK\$3.8 billion. The Group owns 50% equity interest in this development project and is responsible for project management.

The Group's Whitehead project (No.11 Yiu Sha Road, Ma On Shan), "Altissimo", is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at 30 September 2021, 510 of the 547 units released have been sold and the aggregate sales proceeds amounted to approximately HK\$5.6 billion. The Group owns 40% equity interest in this development project.

The Met. Azure project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192), the latest project of “The Met.” series, was launched in August 2021. Approximately 80% of the units are studio flats and the others are one-bedroom and specific-designed units. The project was well-received and sought after by single people, branch families and young home buyers. As at 30 September 2021, 196 out of 320 units released have been sold with contracted sales of approximately HK\$905.7 million. The super-structure work is currently undergoing at the site and the units are expected to be delivered in the second quarter of 2022.

In September 2021, the Group has successfully completed the acquisition of the site located at Nos. 26-48 Ming Fung Street, Wong Tai Sin through compulsory sales. The site area and gross floor area is approximately 9,600 square feet and 81,000 square feet, respectively. This project will be redeveloped as part of “The Met.” series and the demolition work will be commenced in the first quarter of 2022.

In June 2021, the Group has acquired full ownership of the site located at Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong. The site area and gross floor area is approximately 4,100 square feet and 38,500 square feet, respectively. This project will be redeveloped as part of “The Met.” series and the demolition work will be commenced in the first quarter of 2022.

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

In October 2020, the Group and CIFI formed a new joint venture group (i.e. the King’s Road JV Group), in which CIFI and the Group own 60% and 40% equity interest, respectively. The King’s Road JV Group has acquired 101-111 King’s Road, Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 12,400 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King’s Road are positioned at a convenient location within only a few minutes’ walk to Fortress Hill MTR Station. The sites are planned to be re-developed into a residential project with commercial space. This project is in the planning stage.

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

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



As at 30 September 2021, the Group's development land portfolio is as follows:

Location	Approximate site area (Square feet)	Approximate gross floor area (Square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
86A – 86D Pokfulam Road	28,500	28,500	Residential	2023	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%
Nos. 120-126 Main Street Ap Lei Chau	3,600	37,100	Residential and Commercial	2024	100%
Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau	4,100	38,500	Residential and Commercial	2025	100%
50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024	100%
Nos. 26-48 Ming Fung Street, Wong Tai Sin	9,600	81,000	Residential and Commercial	2025	100%
No. 101 and No. 111, King's Road, Fortress Hill	12,400	129,400	Residential and Commercial	2025	40%

The Group is currently working on an urban redevelopment projects with over 90% ownerships secured. Applications to the court are being made in respect of all these projects for compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the Group may not be able to complete to the consolidation of the ownership for redevelopment. Redevelopment can only be implemented upon acquisition of the full ownership of the relevant projects. The total attributable gross floor area upon redevelopment is approximately 94,000 square feet.

*Property Investment*

As at 30 September 2021, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$580.0 million (31 March 2021: approximately HK\$571.2 million).

During the reporting period, the Group received gross rental income of approximately HK\$6.0 million (six months ended 30 September 2020: approximately HK\$4.9 million), representing an increase of approximately 22.4%. The increase in gross rental income was primarily attributable to new leases entered into with tenants and completion of rent-free period during the reporting period.

In June 2021, the Group and three independent third parties formed a new joint venture group (i.e. the Parkville JV), in which the Group owns 64%. The other three partners are independent third parties to the Group and all their ultimate beneficial owners are experienced investors, namely Mr. Chiu Lon Ronald, Mr. Bryan Taft Southergill and Mr. Choi, Raymond Yat-Hong. The Parkville JV acquired 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE, No.88 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories (i.e. the Parkville Property) for a consideration of HK\$300 million. The Parkville Property has a total gross floor area of 13,858 square feet and is situated at Tuen Mun Heung Sze Hui Road intersecting Luk Yuen Road. It enjoys excellent traffic from one of the busiest roads with well-developed neighborhood. The only 3-minute walk from Tuen Mun MTR Station, Tuen Mun Light Rail Station, Tuen Mun commercial centre, transportation hub with cross border coach terminal and the affiliated large scale shopping mall via footbridge further brings vibrancy and creates prosperity. The Parkville JV will further refurbish the Parkville Property to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increase the future rental value, thereby enhancing the future capital appreciation. Details of the transaction are set out in the joint announcements published by the Company and WOG dated 30 March 2021 and 21 June 2021, respectively.

In September 2021, the Group partnered with an independent third party, Jumbo Holding to form a joint venture (i.e. the Jumbo JV) to acquire eight stories of carpark podium of Jumbo Court, No.3 Welfare Road, Aberdeen, Hong Kong (i.e. the Jumbo Property) for a consideration of HK\$410.3 million. Jumbo Holding is a limited partnership established in the British Virgin Islands, with its general partner, AGR X Asia Member GP, L.L.C, being managed by AG, a well-known U.S. licensed investment manager. The limited partners of Jumbo Holding are investment funds managed by AG with wide investor bases, and all eligible investors are "qualified purchasers" under the U.S. Investment Company Act of 1940. Such investment funds are not single purpose investment funds. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is a few minutes' walking distance from the Wong Chuk Hang MTR Station. Given its proximity to major residential developments and the MTR comprehensive development above the Wong Chuk Hang MTR Station, which is scheduled to provide approximately 3.9 million square feet of residential gross floor area in 5,200 units and 510,000 square feet of retail space, it is expected that the Jumbo Property could meet the huge demand for parking spaces once the comprehensive development is completed in phases. The Jumbo JV will renovate the Jumbo Property to optimise the rental return and enhance the capital appreciation. Details of the transaction are set out in the joint announcement published by the Company and WOG dated 23 September 2021.

The Group has also partnered with KKR to own two commercial accommodations, known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The Group has 50% equity interest in each project. The Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at 30 September 2021, Lake Silver is fully let and The Parkside has an occupancy rate over 90%.

On 30 July 2021, the Group has entered into the provisional agreement to sell the issued share and shareholder’s loan of the holding company of the office on 30th Floor, United Centre, No. 95 Queensway, Hong Kong, for a consideration of HK\$515 million. This transaction was completed on 25 October 2021. The Group considered that this disposal will enable the reallocation of resources into future investment opportunities and pursue other growth opportunities. For detailed information, please refer to the Company’s announcement and circular issued on 30 July 2021 and 21 September 2021, respectively.

The Group will keep looking for opportunities to expand its investment properties portfolio through both self-acquisition and strategic partnership. By utilising the Group’s expertise in asset management, it would seek to secure its existing the recurring rental and asset management income and explore strategic expansion opportunities for additional recurring income and capital appreciation.

### **Liquidity and Financial Resources**

As at 30 September 2021, the Group’s total assets less current liabilities were approximately HK\$8,475.0 million (31 March 2021: approximately HK\$7,994.6 million) and the current ratio was approximately 2.8 times (31 March 2021: approximately 2.4 times). As at 30 September 2021, the Group had cash and cash equivalents of approximately HK\$702.2 million (31 March 2021: approximately HK\$826.5 million).

Aggregate bank borrowings as at 30 September 2021 amounted to approximately HK\$5,079.1 million (31 March 2021: approximately HK\$4,696.9 million). The gearing ratio was approximately 87.0% (31 March 2021: approximately 77.1%), calculated with reference to the Group’s total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2021, the Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$87.5million, HK\$580 million, HK\$5,794.1 million and HK\$580 million, respectively (31 March 2021: approximately HK\$84.6 million, HK\$571.2 million, HK\$4,892.5 million and \$580 million, respectively), were pledged to secure the Group’s general banking facilities.

The Group’s capital commitment as at 30 September 2021 amounted to approximately HK\$975.0 million (31 March 2021: approximately HK\$516.0 million). In addition, as at 30 September 2021, the Group did not have share of joint ventures’ own capital commitments was nil (31 March 2021: approximately HK\$145.0 million). The Group has given guarantee to banks in connection with facilities granted to a joint venture up to HK\$450.8 million (31 March 2021: nil) and were utilised to the extent of HK\$435.4 million as at 30 September 2021 (31 March 2021: nil). Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the reporting period.

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

### Treasury Policy

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

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

### Foreign Exchange

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

### Debt Profile and Financial Planning

As at 30 September 2021, interest-bearing debt profile of the Group was analysed as follows:

	<b>30 September 2021 HK\$'000</b>	31 March 2021 HK\$'000
Bank loans repayable:		
Within one year or on demand	<b>1,869,284</b>	1,953,857
In the second year	<b>1,397,108</b>	1,036,292
In the third to fifth year, inclusive	<b>1,812,663</b>	1,706,787
	<b>5,079,055</b>	4,696,936
Other loans repayable		
In the third to fifth year, inclusive	<b>204,730</b>	202,270
	<b>5,283,785</b>	4,899,206

The effective interest rate of bank loans was approximately 2.3% per annum (31 March 2021: approximately 1.8%) and other loans carried at a fixed interest at 6% (31 March 2021: 6%) per annum.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

Save as disclosed above, during the reporting period, 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 2021, the Group had 141 (2020: 126) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the MPF as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

**Prospects**

In the first half of 2021, following the global roll-out of COVID-19 vaccines that slowed the spread of the pandemic, the confidence and performance of the world's major economies rebound. In Hong Kong, the labour market also improved, with the unemployment rate from April to June falling to 5.5%.

With the help of ongoing low interest rate environment and strong end-user demand, the property market is kept on the stable rising track. Many developers have launched new projects and the market responses are positive. The Group launched the pre-sales of The Met. Azure in August 2021. The performance was remarkable that all the units released for sales on the first day were sold out. As at 30 September 2021, HK\$905.7 million contracted sales was recorded.

The Group have invested in two new commercial projects during the reporting period, namely the Parkville Property and Jumbo Property. Both projects were joint ventured with experienced investors and the Group has taken the role of asset manager. The Group will continue to seek for new investment opportunities and collaboration with strategic partners.

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

**FOR THE YEAR ENDED 31 MARCH 2021****Financial Results**

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

**Business Review***Property Development*

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

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

“maya”, which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong was developed by the Group together with CIFI. As at 31 March 2021, 277 out of 326 units have been sold and 265 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$3.4 billion and approximately HK\$3.1 billion, respectively. The Group owns 50% equity interest in this development project and is responsible for project management.

The Group's Whitehead project (No.11 Yiu Sha Road, Ma On Shan), “Altissimo”, is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, and has been delivered to buyers in the fourth quarter of 2020. As at 31 March 2021, 486 of the 547 units have been sold and 465 units were handed over to buyers, and the aggregate contracted sales of the units sold and delivered amounted to approximately HK\$4.8 billion and approximately HK\$4.3 billion, respectively. The Group owns 40% equity interest in this development project.

The new “The Met.” project located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192) was formally named as The Met. Azure in May 2021. The project has a site area of approximately 14,400 square feet with an expected total permitted residential floor area of approximately 80,000 square feet. It is situated in an easy-accessed location, within only a several-minutes ride from the Tsing Yi MTR Station, and is also connected with major highways, including the Tsing Ma Bridge, the Tai Lam Tunnel, and the Ting Kau Bridge of Tuen Mun Road. The Met. Azure has a low-density design with a total of 320 units. Approximately 80% of the units are studio flats and the others are one-bedroom and special units. The Group believes The Met. Azure can meet different demands of single people, young families, and investors. It is expected that the pre-sale will take place in the third quarter in 2021.

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

In October 2020, the Group and CIFI formed a new joint venture group (i.e. the King’s Road JV Group), in which CIFI and the Group own 60% and 40% equity interest, respectively. The King’s Road JV Group has acquired 101 and 111 King’s Road, Fortress Hill for a total sum of HK\$1.88 billion. The total site area is approximately 12,400 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King’s Road are positioned at a convenient location within only a few minutes’ walk to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. Demolition work is expected to commence in year end.

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

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



As at 31 March 2021, the Group's development land portfolio is as follows:

Location	Approximate site area (Square feet)	Approximate gross floor area (Square feet)	Intended usage	Anticipated year of completion	Interest attributable to the Group
86A – 86D Pokfulam Road	28,500	28,500	Residential	2023	70%
Junction of Liu To Road and Hang Mei Street (Tsing Yi Town Lot No. 192)	14,400	90,000	Residential and Commercial	2022	100%
Nos. 120-126 Main Street, Ap Lei Chau	3,600	37,100	Residential and Commercial	2023	100%
50-62 Larch Street and 6-8 Lime Street, Tai Kok Tsui	6,800	61,500	Residential and Commercial	2024	100%
101 and 111, King's Road, Fortress Hill	12,400	129,400	Residential and Commercial	2025	40%

The Group is currently in possession of three urban redevelopment projects with over 80% ownerships secured. Applications to the court are being made in respect of all these projects for compulsory sale orders under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for redevelopment. Redevelopment can only be implemented upon acquisition of the full ownership of the relevant projects. The total attributable gross floor area upon redevelopment is approximately 175,000 square feet.

### ***Property Investment***

As at 31 March 2021, the Group's portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$571.2 million (31 March 2020: approximately HK\$654.1 million).

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



The Group has partnered with KKR to own two commercial accommodations, known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong and “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong. The Group has 50% equity interest in each project. The Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at 31 March 2021, Lake Silver is fully let and The Parkside has an occupancy rate over 85%.

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

The Group will keep looking for opportunities to expand its investment properties portfolio through both self-acquisition and strategic partnership. By utilising the Group’s expertise in asset management, it would seek to secure its existing recurring rental and asset management income and explore strategic expansion opportunities for additional recurring income and capital appreciation.

### **Liquidity and Financial Resources**

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

Aggregate bank borrowings as at 31 March 2021 amounted to approximately HK\$4,696.9 million (2020: approximately HK\$3,370.2 million). The gearing ratio was approximately 77.1% (2020: approximately 53.9%), calculated with reference to the Group’s total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2021, the Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$84.6 million, HK\$571.2 million, HK\$4,892.5 million and HK\$580.0 million, respectively (2020: approximately HK\$87.9 million, HK\$633.1 million, HK\$3,448.4 million and HK\$660.0 million, respectively), were pledged to secure the Group’s general banking facilities.

The Group's capital commitment as at 31 March 2021 amounted to approximately HK\$516.0 million (2020: approximately HK\$486.7 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$145.0 million (2020: approximately HK\$251.4 million). The Group has not given guarantee to banks in connection with facilities granted to its joint ventures as at 31 March 2021 (2020: three joint ventures up to approximately HK\$1,617.6 million and were utilised to the extent of approximately HK\$1,090.5 million). Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the reporting period.

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

### Debt Profile and Financial Planning

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

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

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

**Treasury Policy**

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

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

**Foreign Exchange**

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

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2021, the Group had 136 (2020: 126) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the MPF as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

**Prospects**

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

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

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

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

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

## **FOR THE YEAR ENDED 31 MARCH 2020**

### **Financial Results**

For the financial year ended 31 March 2020, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$2,372.1 million (2019: approximately HK\$2,831.8 million) and approximately HK\$457.3 million (2019: approximately HK\$500.3 million), respectively.

### **Business Review**

The Group's revenue for the year ended 31 March 2020 amounted to approximately HK\$2,372.1 million (2019: approximately HK\$2,831.8 million). This was mainly attributable to completion and delivery of The Met. Acappella (the site at No. 7838 Tai Po Road – Tai Wai). Profit attributable to owners of the parent for the year was approximately HK\$457.3 million (2019: approximately HK\$500.3 million). The reduced profit was mainly attributable to the increase in fair value losses on investment properties. The review of the individual business segments of the Group is set out below.

### ***Property Development***

Revenue recognised in this business segment during the financial year amounted to approximately HK\$2,369.6 million (2019: approximately HK\$2,827.0 million) which was contributed mainly by completion and delivery of The Met. Acappella. As at 31 March 2020, all units of this property development project were sold.

The Group together with CIFI has launched a luxury residential series branded “NOUVELLE”, by unveiling the first project “maya”, located at No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong since March 2019. As at 31 March 2020, 224 out of 309 units released were sold and the contracted sales amounted to approximately HK\$2.5 billion. The project is undergoing the construction of the superstructure and is expected to be delivered this year. The Group owns 50% equity interest in this property development project and is responsible for the project management.

The Group’s Whitehead project (No. 11 Yiu Sha Road, Ma On Shan) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely “Altissimo” was launched in December 2018. As at 31 March 2020, 396 out of 534 units released were sold and the contracted sales amounted to approximately HK\$3.4 billion. The occupation permit of this project was granted and is expected to be delivered this year. The Group owns 40% equity interest in this property development project.

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

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

As at 31 March 2020, 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
No. 8 Shung Shan Street and No. 15 Sze Shan Street, Yau Tong	41,000	272,000	Residential and Commercial	2020	50%
No. 11 Yiu Sha Road, Ma On Shan	253,000	388,000	Residential	2020	40%
Nos. 86A–86D Pokfulam Road	28,500	28,500	Residential	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 channels to increase its land banks. During the year, the Group has acquired two urban redevelopment projects with over 80% (less than 100%) ownership secured. Their ownership is expected to be consolidated by applications to the court for compulsory sale under the “Land (Compulsory Sale for Redevelopment) Ordinance” (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development. The total site area and attributable gross floor area upon redevelopment are approximately 16,000 square feet and 143,000 square feet, respectively.

### ***Property Investment***

As at 31 March 2020, the Group’s portfolio of investment properties comprised of commercial and industrial units located in Hong Kong with a total carrying value of approximately HK\$654.1 million (31 March 2019: approximately HK\$809.5 million).

During the financial year, the Group received gross rental income of approximately HK\$3.7 million (2019: approximately HK\$8.2 million), representing a decrease of approximately HK\$4.5 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 24 January 2019, the Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as “Lake Silver” located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. On 29 April 2019, the Group has disposed of 50% equity interest in this property investment project to KKR. Completion of the acquisition took place on 16 May 2019. Details of the transaction are set out in the joint announcements published by the Company and WOG dated 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019, respectively. The Group has refurbished the property and improved the tenant mix, and the rental yield is therefore enhanced. As at 31 March 2020, this investment property is fully let.

On 30 April 2019, the Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and shareholder’s loan of Pearl Limited at a consideration of HK\$780.0 million. Pearl Limited is the sole shareholder of Hermitage Investments Limited, which is the registered owner of the commercial accommodation of the complex named “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. The transaction completed on 4 July 2019. Details of the transaction are set out in the joint announcement published by the Company and WOG dated 1 May 2019. Part of this investment property is refurbishing for the enhancement of tenant mix and rental yield. As at 31 March 2020, the occupancy rate of this investment property is over 70%.

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

The Group will continue to review its investment properties portfolio for both recurring income and capital appreciation.

### **Liquidity and Financial Resources**

As at 31 March 2020, the Group’s total assets less current liabilities were approximately HK\$7,198.9 million (2019: approximately HK\$7,281.9 million) and the current ratio was approximately 2.5 times as at 31 March 2020 (2019: approximately 1.8 times). As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$853.6 million (2019: approximately HK\$1,878.9 million).

Aggregate bank borrowings as at 31 March 2020 amounted to approximately HK\$3,370.2 million (2019: approximately HK\$3,850.4 million). The gearing ratio was approximately 53.9% (2019: approximately 44.2%), calculated with 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 2020, the Group’s property, plant and equipment, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$87.9 million, HK\$633.1 million, HK\$3,448.4 million and HK\$660.0 million, respectively (2019: approximately HK\$91.1 million, HK\$787.5 million, HK\$3,216.4 million and HK\$668.2 million, respectively), were pledged to secure the Group’s general banking facilities.



The Group's capital commitment as at 31 March 2020 amounted to approximately HK\$486.7 million (2019: approximately HK\$925.6 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$251.4 million (2019: approximately HK\$806.5 million). The Group has given guarantee to banks in connection with facilities granted to the three joint ventures up to HK\$1,617.6 million (2019: HK\$2,440.4 million) and were utilised to the extent of HK\$1,090.5 million as at 31 March 2020 (2019: HK\$1,297.5 million). Save as disclosed herein, the Group had no significant contingent liabilities at the end of the reporting period.

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

### Debt Profile and Financial Planning

As at 31 March 2020, interest-bearing debt profile of the Group was analysed as follows:

	<b>31 March 2020</b> <i>HK\$'000</i>	31 March 2019 <i>HK\$'000</i>
Bank loans repayable:		
Within one year or on demand	<b>1,093,677</b>	1,260,228
In the second year	<b>1,039,056</b>	1,200,570
In the third to fifth year, inclusive	<b>1,237,479</b>	1,389,641
	<b>3,370,212</b>	3,850,439
Other loans repayable		
In the third to fifth year, inclusive	<b>198,970</b>	187,570
	<b>3,569,182</b>	4,038,009

The effective interest rate of bank loans is approximately 3.7% per annum (2019: approximately 3.4%) and other loans carry at a fixed interest at 6.0% (2019: 6.0%) per annum.

### Treasury Policy

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank borrowings during the reporting period were the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. During the financial year, the Group entered into interest rate swap contracts for the purpose of converting part of the Group's borrowings from floating interest rates into fixed interest rates in order to mitigate the interest rate risk.



**Foreign Exchange**

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

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2020, the Group had 126 (2019: 120) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group provides discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the MPF as required under the "Mandatory Provident Fund Schemes Ordinance" (Chapter 485 of the Laws of Hong Kong) for eligible employees of the Group in Hong Kong.

**Prospects**

The continuation of the US-China trade disputes and outbreak of COVID-19 cloud the prospect of the economy. Majority of the investors and end-users are expected to keep cautious.

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

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

In addition to public tender, the Group is also seeking for opportunities in old building acquisition and land use conversion, in order to replenish the land bank and investment properties strenuously.

It is expected that both the economy and property business in Hong Kong are subject to challenges and uncertainties this year. The Group will monitor the changes, risks and assets closely, and continue to capture every opportunity for its development and aims to achieve solid returns to its shareholders.

## FOR THE YEAR ENDED 31 MARCH 2019

### Financial Results

For the financial year ended 31 March 2019, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$2,831.8 million (2018: approximately HK\$1,351.8 million) and approximately HK\$500.3 million (2018: approximately HK\$1,808.5 million), respectively.

### Business Review

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK\$2,831.8 million (2018: approximately HK\$1,351.8 million), which represented a significant increase of approximately HK\$1,480.0 million compared with the last financial year. This was mainly attributable to completion and delivery of one of the Ma On Shan projects, The Met. Blossom (Ma Kam Street, Ma On Shan) in August 2018. Profit attributable to owners of the parent for the year was approximately HK\$500.3 million (2018: approximately HK\$1,808.5 million). The reduced profit was mainly attributable to the decrease in other income recognised from the gain on the disposal of two indirect wholly-owned subsidiaries of the Company and remeasurement of the 50% equity interest retained in a joint venture in the financial year ended 31 March 2018, net of the profit recognised from completion of The Met. Blossom. The review of the individual business segments of the Group is set out below.

### *Property Development*

Revenue recognised in this business segment during the financial year amounted to approximately HK\$2,827.0 million (2018: approximately HK\$1,333.5 million) which was contributed mainly by completion and delivery of The Met. Blossom. The Group owns 60% equity interest in this property development project and the results and financial position are consolidated into the financial statements of the Group.

The Group's other residential project in Sha Tin district, the site at No. 7838 Tai Po Road — Tai Wai, The Met. Acappella, has launched the pre-sales in November 2017. As at 31 March 2019, 306 out of 336 units were sold. The revenue amounting to approximately HK\$2.3 billion will be recognised (subject to audit) in the next financial year.

The Group together with CIFI have been 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, since March 2019. As at 31 March 2019, 80 out of 169 units released were sold and the contracted sales amounted to approximately HK\$0.8 billion. The project is undergoing construction of the superstructure and is expected to be completed in 2020. The Group owns 50% equity interest in this property development project and is responsible for its project management.

The Group’s Whitehead project (No. 11 Yiu Sha Road, Ma On Shan) which is co-developed with Country Garden Holdings Company Limited and China State Construction International Holdings Limited, namely “Altissimo” was launched in December 2018. As at 31 March 2019, 224 out of 310 units released were sold and the contracted sales amounted to approximately HK\$1.8 billion. The Group owns 40% equity interest in this development project.

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

On 12 April 2018, the Group has 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 the land under the exquisite residential property series “The Met.”, to build on the brand’s remarkable track record, further strengthening the presence of the Group’s residential property brand. The site area of this project is approximately 14,400 square feet with an expected gross floor area of approximately 90,000 square feet. It can be used for both commercial and residential development and will provide a public transportation terminal (minibus station). The foundation work is undergoing in this site.

The site at Nos. 575–575A Nathan Road, Mongkok has completed the construction works and the occupation permit was granted in February 2018. This development project is a 19-floor Ginza type commercial complex under the brand “Ladder”.

As at 31 March 2019, 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
No. 7838 Tai Po Road — Tai Wai	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%
No. 11 Yiu Sha Road, Ma On Shan	253,000	388,000	Residential	2020	40%

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

### *Property Investment*

As at 31 March 2019, 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\$809.5 million (31 March 2018: approximately HK\$1,517.3 million).

During the financial year, the Group received gross rental income of approximately HK\$8.2 million (2018: approximately HK\$22.6 million), representing a decrease of approximately HK\$14.4 million over last year. The decrease in gross rental income was primarily attributable to the disposal of several properties during the reporting year.

On 12 April 2018, the Group entered into a preliminary agreement to sell the entire issued share capital and the shareholder's loan of PT Harvest Holdings Limited which principally held office units and carparks spaces located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, at a consideration of approximately HK\$324.5 million. Completion took place on 23 August 2018.

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

On 24 January 2019, the Group won the tender for a retail podium comprising car parking spaces and the retail podium of the ground floor and the level one of the residential accommodation known as "Lake Silver" located at No. 599 Sai Sha Road, Ma On Shan, Sha Tin, New Territories, Hong Kong from Kowloon-Canton Railway Corporation, at a total consideration of HK\$653.0 million. The podium will be further refurbished to optimise the tenant mix and rental income and is expected to broaden its prospect and thus, increasing the future rental value, thereby enhancing the future capital appreciation. On 29 April 2019, the Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition took place on 16 May 2019. Details of the transaction are set out in the joint announcements published by the Company and WOG on 24 January 2019 and 29 April 2019 and the circular of WOG dated 27 March 2019, respectively.

On 30 April 2019, the Group entered into a provisional agreement with an independent third party to purchase the entire issued share capital and the shareholder's loan of Pearl Limited at a consideration of HK\$780.0 million. Pearl Limited is the sole shareholder of Hermitage, which is the registered owner of the commercial accommodation of the complex named "The Parkside" located at No. 18 Tong Chun Street, Tseung Kwan O, New Territories, Hong Kong together with 49 car parking spaces and 5 motor cycle parking spaces. This investment property will be further refurbished for the enhancement of the Group's investment portfolio. On 21 June 2019, the Group has disposed 50% equity interest in this investment project to an independent third party. Completion of the acquisition is expected to take place on 4 July 2019. Details of the transaction are set out in the joint announcements published by the Company and WOG dated 1 May 2019 and 21 June 2019, respectively.

The Group acts as the asset manager of the above two investment projects for a management fee comprising a fixed based fee and an incentive fee determined with reference to, among other things, the rental return of the above investment properties. This new recurring income stream will stabilise the cash flow and development of the Group.

In May 2019, the Group has won a tender for an investment property as Shop D, On Ning Building, Nos. 47-55 Ma Tau Kok Road, Ma Tau Kok, Kowloon in a consideration of HK\$62.3 million from an independent third party. The property will be renovated to enhance the rental yield. Completion took place on 28 June 2019.

The Group will continue to review and expand its portfolio of investment properties for both recurring income and capital appreciation.

**Liquidity and Financial Resources**

As at 31 March 2019, the Group's total assets less current liabilities were approximately HK\$7,281.9 million (2018: approximately HK\$6,746.7 million) and the current ratio was approximately 1.85 times as at 31 March 2019 (2018: approximately 2.09 times). As at 31 March 2019, the Group had cash and cash equivalents of approximately HK\$1,878.9 million (2018: approximately HK\$1,558.8 million).

Aggregate bank borrowings as at 31 March 2019 amounted to approximately HK\$3,850.4 million (2018: approximately HK\$3,224.0 million). The gearing ratio was approximately 44.2% (2018: approximately 41.0%), calculated with 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 2019, the Group's property, plant and equipments, investment properties, properties under development and properties held for sale, with carrying value of approximately HK\$91.1 million, HK\$787.5 million, HK\$3,216.4 million and HK\$668.2 million, respectively (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.

The Group's capital commitment as at 31 March 2019 amounted to approximately HK\$925.6 million (2018: approximately HK\$1,564.4 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$806.5 million (2018: approximately HK\$1,118.2 million). The Group has given guarantee to banks in connection with facilities granted to the two joint ventures up to HK\$2,440.4 million and which were utilised to the extent of HK\$1,297.5 million as at 31 March 2019. Save as disclosed herein, the Group had no significant contingent liabilities at the end of the reporting period.

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

**Debt Profile and Financial Planning**

As at 31 March 2019, interest-bearing debt profile of the Group was analysed as follows:

	<b>31 March 2019</b> <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>
Bank loans repayable:		
Within one year	<b>1,260,228</b>	780,223
In the second year	<b>1,200,570</b>	878,382
In the third to fifth year, inclusive	<b>1,389,641</b>	1,385,649
Beyond five years	—	179,778
	<b>3,850,439</b>	3,224,032
Other loans repayable		
Within one year	—	13,397
In the second year	—	—
In the third to fifth year, inclusive	<b>187,570</b>	—
	<b>4,038,009</b>	3,237,429

The effective interest rate of bank loans is approximately 3.4% per annum (2018: approximately 2.8%) and other loans carries at a fixed interest rate 6%.

**Treasury Policy**

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank and other borrowings during the reporting period were the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources to meet its 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 are denominated in Hong Kong dollars. The revenue of the Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore has not engaged in any hedging activities during the financial year.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

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

**Employees and Remuneration Policies**

As at 31 March 2019, the Group had 120 (2018: 101) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, the Group 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 MPF as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for eligible employees of the Group in Hong Kong.

**Prospects**

During the reporting year, the Centa-City Leading Index has firstly decreased from a historical high level by nearly 10% and started to rebound in the first quarter of 2019. The upside trend is benefited from the conservative pricings offered by developers and the cautious approach on the interest rate policy taken by the US Federal Reserve in early 2019. However, under the uncertainty of US-China trade negotiation and high volatility of stock markets, both investors and end-users would take a more discreet assessment of the property market. The Group is cautiously optimistic about the property market and will keep monitoring the market changes closely.

The Group is always committed to land replenishment by way of bidding for Government land and project acquisition, favouring sites with convenient transportation and comprehensive community facilities.

The Group will keep looking for opportunities in property acquisition and collaboration with strategic partners to strengthen its real estate business.

The Group continues to capture every opportunity for its development and aims to achieve solid returns to its shareholders.



Set out below is the management discussion and analysis of the JV Group's business and performance for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively. The financial data in respect of the JV Group, for the purpose of this circular, is derived from the financial information of each of Seed Project Holdco 1 and its subsidiary, Seed Project Holdco 2 & its subsidiary, Seed Project Holdco 3 & its subsidiary, and Seed Project Holdco 4 & its subsidiaries, for the six months ended 30 September 2021 and each of the financial years ended 31 March 2021, 2020 and 2019, respectively.

### **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

#### **Financial Results**

The JV Group's profit attributable to owners of the parent for the reporting period was approximately HK\$864,000 (six months ended 30 September 2020: approximately HK\$1.3 million). No revenue was recorded during the reporting period.

#### **Business Review**

In the third quarter of 2021, the JV Group has successfully acquired a site located at Nos. 34 and 36 Main Street, Ap Lei Chau, Hong Kong and Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 1), with a total gross floor area of approximately 38,600 square feet. It will be the JV Group's second project in Ap Lei Chau.

The first Ap Lei Chau project of the JV Group is located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 3), with a total gross floor area of approximately 37,000 square feet. Both Ap Lei Chau projects are planned to be redeveloped as part of "The Met" series.

The JV Group has completed the acquisition of the remaining units of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet, on 27 September 2021. The site will be in vacant possession by end of December 2021. Another project located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 4), and Nos. 31-41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong, with a total gross floor area of approximately 93,700 square feet, was in the process of compulsory sale.

In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

**Liquidity and Financial Resources**

As at 30 September 2021, the JV Group's total assets less current liabilities were approximately HK\$795.0 million (31 March 2021: approximately HK\$561.4 million). The JV Group had cash and cash equivalents of approximately HK\$6.1 million (31 March 2021 approximately 203.9 million) as at 30 September 2021.

Aggregate bank borrowings as at 30 September 2021 amounted to approximately HK\$1,046.9 million (31 March 2021: approximately HK\$814.0 million). The gearing ratio was approximately 17,537% (31 March 2021: approximately 8,973%), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 30 September 2021, the JV Group's properties under development with carrying value of approximately HK\$2,627.5 million (31 March 2021: approximately HK\$1,848.5 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 30 September 2021 amounted to approximately HK\$41.4 million (31 March 2021: approximately HK\$37.9 million). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 30 September 2021 (31 March 2020: nil).

**Treasury Policy**

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources to meet its financial obligations.

**Foreign Exchange**

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

**Debt Profile and Financial Planning**

As at 30 September 2021, interest-bearing debt profile of the JV Group was analysed as follows:

	30 September 2021	31 March 2021
Bank loans repayable:		
Within one year or on demand	245,982	245,850
In the second year	603,618	—
In the third to fifth year, inclusive	197,336	568,197
	1,046,936	814,047
	1,046,936	814,047

The effective interest rate of bank loans was approximately 1.4% per annum (31 March 2021: approximately 1.5%).

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

Save as disclosed above, during the financial year, the JV 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**

The JV Group had no employees as at 30 September 2021.

**Prospects**

Despite the spreading of COVID-19 mutations and new variants worldwide, the Hong Kong economy continues to recover gradually. Domestic consumption and purchasing power are resilient that the contract sales of residential projects contributed by various Hong Kong developers are promising.

The JV Group keeps exploring potential redevelopment projects to strengthen its land banks. To leverage the JV Group's knowledge and expertise in property acquisition and project management, the JV Group will keep exploring the collaboration with experienced partners or investors.

**FOR THE YEAR ENDED 31 MARCH 2021****Financial Results**

The JV Group's loss attributable to owners of the parent for the financial year was approximately HK\$2.1 million (2020: loss of approximately HK\$2.2 million). No revenue was recorded during the reporting year.

**Business Review**

In July 2020, the JV Group has successfully acquired a site located at Nos. 120, 122, 124 and 126 Main Street, Ap Lei Chau, Hong Kong (i.e. Seed Project 3), with a total gross floor area of approximately 37,000 square feet.

During the reporting year, the JV Group also secured over 80% ownership of two adjacent sites located at 45 Fei Fung Street and 110 Shatin Pass Road, Wong Tai Sin, Kowloon, Hong Kong, and Nos. 31-41 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 4), with a total gross floor area of approximately 93,700 square feet.

The JV Group acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet in December 2018.

Both Seed Project 2 and Seed Project 4 have proceeded to court for compulsory sales under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

**Liquidity and Financial Resources**

As at 31 March 2021, the JV Group's total assets less current liabilities were approximately HK\$561.4 million (2020: net liabilities of approximately HK\$4.7 million). As at 31 March 2021, the JV Group had cash and cash equivalents of approximately HK\$203.9 million (2020: approximately HK\$950,000).

Aggregate bank borrowings as at 31 March 2021 amounted to approximately HK\$814.0 million (2020: approximately HK\$245.5 million). The gearing ratio was approximately 8,973% (2020: approximately 5,204%), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2021, the JV Group's properties under development with carrying value of approximately HK\$1,848.5 million (2020: approximately HK\$708.9 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 31 March 2021 amounted to approximately HK\$37.9 million (2020: approximately HK\$283.5 million). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 31 March 2021 (2020: nil).

**Treasury Policy**

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

**Foreign Exchange**

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

**Debt Profile and Financial Planning**

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

	31 March 2021	31 March 2020
Bank loans repayable:		
Within one year or on demand	245,850	245,534
In the second year	—	—
In the third to fifth year, inclusive	568,197	—
	<u>814,047</u>	<u>245,534</u>

The effective interest rate of bank loans was approximately 1.5% per annum (2020: approximately 3.6%).

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

Save as disclosed above, during the financial year, the JV 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**

The JV Group had no employees as at 31 March 2021.

**Prospects**

Under the challenges of COVID-19 pandemic, the global and local economies have been adversely affected in varying degrees. The launch of vaccination program and economic relaxing policies by the Hong Kong government helped to ease the conditions.

The JV Group is always eager to build up its land bank, mainly through old building acquisition. These redevelopment projects shall provide a more environmental and living friendly communities to citizens. The JV Group will keep exploring potential redevelopment projects to restock its land banks.

**FOR THE YEAR ENDED 31 MARCH 2020****Financial Results**

The JV Group's loss attributable to owners of the parent for the financial year was approximately HK\$2.2 million (2019: loss of approximately HK\$2.5 million). No revenue was recorded during the reporting year.

**Business Review**

The JV Group acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet in December 2018. The compulsory sales under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) is processing. The JV Group plans to develop this site into part of "The Met" series and focus on small-sized units which are highly demanded by single people, branch families and young homebuyers. In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

**Liquidity and Financial Resources**

As at 31 March 2020, the JV Group's total assets less current liabilities were approximately HK\$4.7 million net liabilities (2019: net liabilities of approximately HK\$2.5 million). As at 31 March 2020, the JV Group had cash and cash equivalents of approximately HK\$950,000 (2019: approximately HK\$258.5 million).

Aggregate bank borrowings as at 31 March 2020 amounted to approximately HK\$245.5 million (2019: approximately HK\$246.0 million). The gearing ratio was approximately 5,204% (2019: net cash position), calculated with reference to the JV Group's total bank borrowings net of cash and cash equivalents and the equity attributable to owners of the parent. As at 31 March 2020, the JV Group's properties under development with carrying value of approximately HK\$708.9 million (2019: approximately HK\$671.6 million) were pledged to secure the JV Group's general banking facilities.

The JV Group's capital commitments as at 31 March 2020 amounted to approximately HK\$283.5 million (2019: nil). Save as disclosed herein, the JV Group had no significant contingent liabilities as at 31 March 2020 (2019: nil).

### Treasury Policy

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

### Foreign Exchange

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

### Debt Profile and Financial Planning

As at 31 March 2020, interest-bearing debt profile of the JV Group was analysed as follows:

	<b>31 March 2020</b>	31 March 2019
Bank loans repayable:		
Within one year or on demand	<u>245,534</u>	<u>245,218</u>
	<u><b>245,534</b></u>	<u><b>245,218</b></u>

The effective interest rate of bank loans was approximately 3.6% per annum (2019: approximately 3.2%).

### Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets

Save as disclosed above, during the financial year, the JV 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

The JV Group had no employees as at 31 March 2020.

**Prospects**

The continuation of COVID-19 pandemic and global uncertainties hinder the recovery of worldwide economy. Nevertheless, in view of the current low interest rate environment and a series of relief measures launched by the Hong Kong government to support enterprises and safeguard jobs, the residential property sector is expected to remain resilient over the long term.

The JV Group will pay close attention to changes in the overall environment, keep optimistic outlook but be ready for adversity and capture market opportunities.

**FOR THE YEAR ENDED 31 MARCH 2019****Financial Results**

The JV Group's loss attributable to owners of the parent for the financial year was approximately HK\$2.5 million (2018: loss of approximately HK\$21,000). No revenue was recorded during the reporting year.

**Business Review**

The JV Group successfully acquired over 80% ownership of the site located at Nos. 26, 26A, 28, 30, 32, 32A, 34, 36, 38, 40, 42, 44, 46 and 48 Ming Fung Street, Wong Tai Sin, Kowloon, Hong Kong (i.e. Seed Project 2), with a total gross floor area of approximately 81,000 square feet.

This is an urban redevelopment project and has proceeded to court for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). In the event that no court order is granted, the JV Group may not be able to complete the consolidation of the ownership for redevelopment.

**Liquidity and Financial Resources**

As at 31 March 2019, the JV Group's total assets less current liabilities were approximately HK\$2.50 million net liabilities (2018: net liabilities of approximately HK\$21,000). As at 31 March 2019, the JV Group had cash and cash equivalents of approximately HK\$258.5 million (2018: nil).

Aggregate bank borrowings as at 31 March 2019 amounted to approximately HK\$245.2 million (2018: nil). The JV Group was in net cash position as at 31 March 2019 (2018: not applicable)As at 31 March 2019, the JV Group's properties under development with carrying value of approximately HK\$671.6 million (2018: nil) were pledged to secure the JV Group's general banking facilities.

The JV Group had no commitments and significant contingent liabilities as at 31 March 2019 (2018: nil).



**Treasury Policy**

The JV Group's treasury policy included diversifying the funding sources. Interest-bearing bank borrowings and shareholders' loans are the general source of funds to finance the acquisition and operations of the JV Group. The JV Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

**Foreign Exchange**

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

**Debt Profile and Financial Planning**

As at 31 March 2019, interest-bearing debt profile of the JV Group was analysed as follows:

	31 March 2019	31 March 2018
Bank loans repayable:		
Within one year or on demand	245,218	—
	<u>245,218</u>	<u>—</u>

The effective interest rate of bank loans was approximately 3.2% per annum.

**Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets**

Save as disclosed above, during the financial year, the JV 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**

The JV Group had no employees as at 31 March 2019.

**Prospects**

The residential property business in Hong Kong is expected to be challenging this year, The US-China trade negotiation, Brexit, and the social events in Hong Kong are impacting market sentiment.

However, with the benefit of low interest rate environment, the demand for home ownership is still strong. The JV Group will continue to monitor the market changes closely and keep looking for opportunities in property acquisition and collaboration with strategic partners.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules, were as follows:

#### *Long positions in shares and underlying shares of associated corporation:*

Name of Director	Name of associate corporation	Nature of interest	Total number of shares involved	Approximate percentage of WOG's total issued share capital (Note b) %
Mr. Tang Ho Hong	WOG	Spouse Interest (Note a)	3,400,000	0.02

Notes:

- (a) Mr. Tang Ho Hong was taken to be interested in those shares in which his spouse, Ms. Stephanie, was interested.
- (b) The percentage was disclosed pursuant to the relevant disclosure form filed under the SFO.

### (b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

*Long positions in the Shares*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital (%) <i>(Note 3)</i>
WOG	Interest of controlled corporation <i>(Note 1)</i>	11,400,000,000	75
Mr. Tang Ching Ho	Other interest <i>(Note 2)</i>	11,400,000,000	75
Ms. Yau Yuk Yin	Other interest <i>(Note 2)</i>	11,400,000,000	75

*Notes:*

- (1) WOG held the entire issued share capital of Wang On Enterprises (BVI) Limited (“WOG”) which in turn held the entire issued share capital of Earnest Spot Limited. Earnest Spot Limited directly held 11,400,000,000 shares of the Company. Under the SFO, each of WOG and WOG was deemed to be interested in all the aforesaid shares held by Earnest Spot Limited for the sole purpose of Part XV of the SFO.
- (2) Under the SFO, Mr. Tang Ching Ho was deemed to be interested in approximately 46.71 % of the total issued share capital of WOG through (i) his personal interest; (ii) his spouse’s interest in WOG; (iii) his corporate interest via Caister Limited, a corporation controlled by him; and (iv) his interest being an appointer of a discretionary trust, namely Tang’s Family Trust. Ms. Yau Yuk Yin, spouse of Mr. Tang Ching Ho, was also deemed to be interested in approximately 46.71 % of the total issued share capital of WOG through (i) her personal interest; (ii) Mr. Tang Ching Ho’s interest in WOG; and (iii) being a beneficiary of the Tang’s Family Trust. Therefore, each of Mr. Tang Ching Ho and Ms. Yau Yuk Yin were deemed to be interested in all 11,400,000,000 shares of the Company held by WOG for the sole purpose of Part XV of the SFO.
- (3) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES**

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

**4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

**5. DIRECTORS' SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**6. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

**7. MATERIAL CONTRACTS**

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group which are or may be material:

- (a) the Subscription and Shareholders' Agreement;
- (b) the Sale and Purchase Agreements;

- (c) a subscription agreement dated 23 September 2021 entered into among Treasure Fountain International Limited (“**Treasure Fountain**”), an indirect wholly-owned subsidiary of the Company, Jumbo Holding, Crystal Castle Ventures Limited (“**Crystal Castle**”), an indirect wholly-owned subsidiary of the Company prior to completion, and the Company, as guarantor for Treasure Fountain and Crystal Castle, in relation to (i) the subscription of one new share in Crystal Castle by Jumbo Holding at a subscription price of US\$1.00; and (ii) the formation of a joint venture between Treasure Fountain and Jumbo Holding in relation to Crystal Castle; and a shareholders’ agreement dated 23 September 2021 entered into among Treasure Fountain, Jumbo Holding and Crystal Castle to govern their rights and obligations as shareholders of Crystal Castle, the details of which were set out in the joint announcement of the Company and WOG dated 23 September 2021;
- (d) a provisional agreement dated 30 July 2021 entered into among Fession Group Limited (“**Fession**”), an indirect wholly-owned subsidiary of the Company, as vendor, O.M. Management Limited (“**O.M. Management**”) as purchaser, and the Company, as Fession’s guarantor, in relation to the disposal of the entire issued share capital in Stadium Holdings Limited (“**Stadium Holdings**”) and the assignment of the shareholder’s loan(s) owing by Stadium Holdings to Fession for a consideration of HK\$515 million (the “**Stadium Holdings Disposal**”) and a formal agreement dated 16 September 2021 in relation to the Stadium Holdings Disposal, details of which were set out in the joint announcement of the Company and WOG dated 30 July 2021 and the circular of the Company dated 23 September 2021;
- (e) a binding term sheet dated 30 March 2021 entered into between the Company and Turbo Holdings Ltd (“**Turbo Holdings**”) in relation to (i) the subscription of one new share in Merry Cottage Ltd. (“**Merry Cottage**”) by Turbo Holdings at a subscription price of US\$1.00; and (ii) the formation of a joint venture between the Company and Turbo Holdings in relation to Merry Cottage; a sale and purchase agreement dated 30 March 2021 entered into between Star Loyal Limited, an indirect wholly-owned subsidiary of Merry Cottage, and Million World Development Limited (Stock Code: 0017) in relation to the acquisition of 11 shop units and certain lift, lift lobby(ies) and staircase(s) on the ground floor and first floor of THE PARKVILLE (天生樓) (i.e. the Parkville Property), which is located at No. 88, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong, the details of such binding term sheet and sale and purchase agreement which were set out in the joint announcement of the Company and WOG dated 30 March 2021; and a supplemental binding term sheet dated 21 June 2021 entered into between the Company, Turbo Holdings, Able Sentry Limited (“**Able Sentry**”) and Stealth Eagle Holdings Limited (“**Stealth Eagle**”), pursuant to which, Solar Ranger Limited, an indirect wholly-owned subsidiary of the Company, Turbo Maltese Investment Limited, Able Sentry and Stealth Eagle shall subscribe for 6,399, 2,999, 335 and 265 shares in Merry Cottage for considerations of US\$6,399, US\$2,999, US\$335 and US\$265, respectively, the details of which were set out in the joint announcement of the Company and WOG dated 21 June 2021; and

- (f) on 3 March 2021, Twist Pioneer Limited (“**Twist Pioneer**”), an indirect wholly-owned subsidiary of the Company, received a confirmation of acceptance of its subscription for the 11.95% senior notes due 2023 issued by China South City Holdings Limited (Stock Code: 1668) in the principal amount of US\$5.0 million for a total consideration of approximately US\$4.8 million, the details of which were set out in the announcement of the Company dated 3 March 2021.

## 8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion and advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Asset Appraisal Limited	Independent professional valuer
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

## 9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3201, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Wong Chin Han. She graduated from The Hong Kong University of Science and Technology with a degree of Bachelor of Business Administration. She is a member of the American Institute of Certified Public Accountants.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.woproperties.com](http://www.woproperties.com) from the date of this circular up to and including 23 December 2021:

- (a) the Subscription and Shareholders' Agreement;
- (b) the Sale and Purchase Agreements;
- (c) each of the financial information on each of the Disposal Subsidiaries and their respective subsidiaries prepared by Ernst & Young as set out in Appendices IIA to IID to this circular;
- (d) the report on the unaudited pro forma financial information of the Post-Disposal Group (as defined in Appendix IIIA) prepared by Ernst & Young as set out in Appendix IIIA to this circular;
- (e) the report on the unaudited pro forma financial information of the Option-Remaining Group (as defined in Appendix IIIB) prepared by Ernst & Young as set out in Appendix IIIB to this circular;
- (f) the valuation report on the Seed Projects prepared by Asset Appraisal Limited as set out in Appendix IV to this circular; and
- (g) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix.



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## NOTICE OF THE SGM

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### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Wang On Properties Limited (the “**Company**”) will be held at Unit 1103-06, China Building, 29 Queen’s Road Central, Hong Kong on Thursday, 23 December 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the Subscription and Shareholders’ Agreement (as defined in the circular of the Company dated 8 November 2021 of which this notice forms part (the “**Circular**”)) (a copy of which has been produced in this meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the Sale and Purchase Agreements (as defined in the Circular) (a copy of which has been produced in this meeting and marked “B” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (c) the grant and exercise of the Options and the Re-Up JV Options (each as defined in the Circular), as applicable, pursuant to the terms as set out in the Subscription and Shareholders’ Agreement (as defined in the Circular), be and is hereby approved, confirmed and ratified; and

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## NOTICE OF THE SGM

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- (d) any one director of the Company (the “**Director**”) be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Joint Venture, the Subscription and Shareholders’ Agreement, the Disposal, the Sale and Purchase Agreements, the Options and the Re-Up JV Options (each as defined in the Circular), and the transactions contemplated thereunder.”

By Order of the Board  
**WANG ON PROPERTIES LIMITED**  
宏安地產有限公司  
**Wong Chin Han**  
*Company Secretary*

Hong Kong, 8 December 2021

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business:*

*in Hong Kong:*  
Suite 3201, 32/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Notes:*

1. A form of proxy for use at the SGM is enclosed.
2. The register of members of the Company will be closed from Monday, 20 December 2021 to Thursday, 23 December 2021 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), 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, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m., on Friday, 17 December 2021.
3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF THE SGM

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6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder
  
7. The above resolutions will be voted by way of a poll at the SGM.