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WANG ON PROPERTIES LIMITED
宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023

ANNUAL FINANCIAL HIGHLIGHTS

	For the year ended 31 March 2023 HK\$ million	For the year ended 31 March 2022 HK\$ million	Change
Revenue	1,992	39	+5,008%
Gross profit	330	16	+1,963%
Profit attributable to owners of the parent	211	285	-26%
<i>Earnings per share (HK cents)</i>			
Basic and diluted	1.39	1.88	-26%
<i>Dividend per share (HK cent)</i>			
Final	0.69	0.75	-8%
	As at 31 March 2023 HK\$ million	As at 31 March 2022 HK\$ million	Change
Net asset value	5,283	5,184	+2%
Net asset value per share (HK\$)	0.348	0.341	+2%

RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Wang On Properties Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	4	1,991,840	38,857
Cost of sales		<u>(1,662,233)</u>	<u>(23,319)</u>
Gross profit		329,607	15,538
Other income and gains, net	4	93,498	125,405
Selling and distribution expenses		(179,493)	(25,621)
Administrative expenses		(108,169)	(114,714)
Other expenses		(20,974)	(37,903)
Impairment losses on financial assets, net		(17,217)	(637)
Finance costs	6	(126,760)	(71,210)
Fair value gains on investment properties, net		11,880	3,749
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		3,010	(47,486)
Write-down of properties under development		(25,583)	–
Write-down of properties held for sale		(58,688)	–
Share of profits and losses of joint ventures		<u>316,775</u>	<u>430,630</u>
PROFIT BEFORE TAX	5	217,886	277,751
Income tax credit/(expense)	7	<u>(7,032)</u>	<u>7,161</u>
PROFIT FOR THE YEAR		<u>210,854</u>	<u>284,912</u>

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		(35,881)	(60,840)
Reclassification adjustments for losses included in profit or loss			
– loss on disposal/redemption, net		20,974	37,903
– impairment losses, net		16,865	85
		<u> </u>	<u> </u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		1,958	(22,852)
		<u> </u>	<u> </u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX			
		1,958	(22,852)
		<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		212,812	262,060
		<u> </u>	<u> </u>
Profit attributable to:			
Owners of the parent		211,066	285,079
Non-controlling interests		(212)	(167)
		<u> </u>	<u> </u>
		210,854	284,912
		<u> </u>	<u> </u>
Total comprehensive income attributable to:			
Owners of the parent		213,024	262,227
Non-controlling interests		(212)	(167)
		<u> </u>	<u> </u>
		212,812	262,060
		<u> </u>	<u> </u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	HK1.39 cents	HK1.88 cents
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		98,492	101,842
Investment properties		147,000	135,100
Club membership		16,800	–
Properties under development		1,992,527	1,752,244
Interests in joint ventures		3,538,229	2,684,573
Loan and interest receivables		887	11,177
Deposits and other receivables		156,308	141,501
Debt investments at fair value through other comprehensive income		101,714	56,318
Financial assets at fair value through profit or loss		49,510	48,794
Deferred tax assets		7,729	8,788
		<hr/>	<hr/>
Total non-current assets		6,109,196	4,940,337
CURRENT ASSETS			
Properties under development		2,243,399	3,186,335
Properties held for sale		245,808	605,436
Trade receivables	<i>10</i>	8,203	10,086
Loan and interest receivables		11,696	15,320
Prepayments, other receivables and other assets		221,618	364,361
Cost of obtaining contracts		13,360	10,073
Tax recoverable		2,798	3,613
Debt investments at fair value through other comprehensive income		6,450	89,426
Financial assets at fair value through profit or loss		14,346	55,385
Cash and bank balances		869,150	831,460
		<hr/>	<hr/>
Assets of a disposal company		3,636,828	5,171,495
		<hr/>	<hr/>
		–	493,814
		<hr/>	<hr/>
Total current assets		3,636,828	5,665,309

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>11</i>	73,740	20,181
Other payables and accruals		128,614	95,200
Contract liabilities		43,355	507,743
Interest-bearing bank and other borrowings		2,167,915	1,929,380
Tax payable		5,122	1,527
		2,418,746	2,554,031
Liabilities of a disposal company		–	221,673
Total current liabilities		2,418,746	2,775,704
NET CURRENT ASSETS		1,218,082	2,889,605
TOTAL ASSETS LESS CURRENT LIABILITIES		7,327,278	7,829,942
NON-CURRENT LIABILITIES			
Other payables		6,661	9,510
Interest-bearing bank and other borrowings		2,037,447	2,636,074
Deferred tax liabilities		482	482
Total non-current liabilities		2,044,590	2,646,066
Net assets		5,282,688	5,183,876
EQUITY			
Equity attributable to owners of the parent			
Issued capital		15,200	15,200
Reserves		5,256,588	5,157,564
		5,271,788	5,172,764
Non-controlling interests		10,900	11,112
Total equity		5,282,688	5,183,876

NOTES TO FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value. These financial information are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development of properties;
- (b) the property investment segment engages in investment in commercial premises for rental or for sale; and
- (c) asset management segment earns fee income for managing assets on behalf of the Group's capital partners via investment vehicles.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income, loss on disposal/redemption of financial assets, fair value gains/losses on financial assets at fair value through profit or loss, impairment losses on financial assets, finance costs, head office and corporate expenses are excluded from such measurement.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the years ended 31 March 2023 and 2022, and the non-current assets of the Group were located in Hong Kong as at 31 March 2023 and 2022.

Year ended 31 March

	Property development		Property investment		Asset management		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	1,971,145	–	3,684	8,080	17,011	30,777	1,991,840	38,857
Other income	<u>40,728</u>	<u>19,578</u>	<u>15,364</u>	<u>44,226</u>	<u>–</u>	<u>–</u>	<u>56,092</u>	<u>63,804</u>
Total	<u>2,011,873</u>	<u>19,578</u>	<u>19,048</u>	<u>52,306</u>	<u>17,011</u>	<u>30,777</u>	<u>2,047,932</u>	<u>102,661</u>
Segment results	<u>143,846</u>	<u>198,818</u>	<u>251,394</u>	<u>237,152</u>	<u>(12,153)</u>	<u>(3,846)</u>	<u>383,087</u>	<u>432,124</u>
<i>Reconciliation</i>								
Interest income from bank deposits							13,826	354
Interest income from loan receivables							170	1,612
Interest income from debt investments at fair value through other comprehensive income							18,230	29,631
Interest income from financial assets at fair value through profit or loss							5,180	4,299
Dividend income from financial assets at fair value through profit or loss							–	25,705
Loss on disposal/redemption of debt investments at fair value through other comprehensive income							(20,974)	(37,903)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net							3,010	(47,486)
Impairment losses on financial assets, net							(17,217)	(637)
Finance costs							(126,760)	(71,210)
Corporate and unallocated expenses							<u>(40,666)</u>	<u>(58,738)</u>
Profit before tax							217,886	277,751
Income tax credit/(expense)							<u>(7,032)</u>	<u>7,161</u>
Profit for the year							<u>210,854</u>	<u>284,912</u>

4. REVENUE AND OTHER INCOME AND GAINS, NET

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sales of properties	1,971,145	–
Asset management fee	<u>17,011</u>	<u>30,777</u>
	1,988,156	30,777
<i>Revenue from other source</i>		
Rental income	<u>3,684</u>	<u>8,080</u>
	<u><u>1,991,840</u></u>	<u><u>38,857</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income and gains, net		
Interest income from bank deposits	13,826	354
Interest income from loan receivables	170	1,612
Interest income from debt investments at fair value through other comprehensive income	18,230	29,631
Interest income from financial assets at fair value through profit or loss	5,180	4,299
Dividend income from financial assets at fair value through profit or loss	–	25,705
Forfeiture of deposits from customers	11,988	422
Property management fee	6,810	5,989
Gain on disposal of items of property, plant and equipment	2	–
Gain on disposal of subsidiaries	–	36,404
Gain on disposal of a joint venture	14,551	–
Others	<u>22,741</u>	<u>20,989</u>
	<u><u>93,498</u></u>	<u><u>125,405</u></u>

5. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of properties sold	1,640,965	–
Cost of services provided	21,084	23,018
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	184	301
Depreciation of owned assets	1,564	8,943
Depreciation of right-of-use assets	13,353	10,361
Impairment losses on financial assets, net:		
Debt investments at fair value through other comprehensive income	16,865	85
Loan and interest receivables	<u>352</u>	<u>552</u>
	<u>17,217</u>	<u>637</u>
Loss on disposal/redemption of debt investments at fair value through other comprehensive income*	20,974	37,903
Lease payments not included in the measurement of lease liabilities	1,100	275
Auditor's remuneration	3,080	3,080
Employee benefit expense (including directors' remuneration):		
Wages and salaries	77,133	71,773
Pension scheme contributions**	1,799	1,871
Less: Amount capitalised	<u>(11,651)</u>	<u>(5,827)</u>
	<u>67,281</u>	<u>67,817</u>

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

** These are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank and other borrowings	201,674	133,005
Interest on lease liabilities	<u>403</u>	<u>270</u>
	202,077	133,275
Less: Interest capitalised	<u>(75,317)</u>	<u>(62,065)</u>
	<u><u>126,760</u></u>	<u><u>71,210</u></u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	3,657	1,779
Underprovision/(overprovision) in prior years	<u>2,316</u>	<u>(68)</u>
	5,973	1,711
Deferred	<u>1,059</u>	<u>(8,872)</u>
	7,032	(7,161)
Total tax charge/(credit) for the year	<u><u>7,032</u></u>	<u><u>(7,161)</u></u>

8. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Proposed final dividend – HK0.69 cent (2022: HK0.75 cent) per ordinary share	<u><u>104,880</u></u>	<u><u>114,000</u></u>

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

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

The calculation of basic earnings per share for the year ended 31 March 2023 is based on the profit for the year attributable to owners of the parent of HK\$211,066,000 (2022: HK\$285,079,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2022: 15,200,000,000).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables from joint ventures	8,203	10,086
Impairment	—	—
	<u>8,203</u>	<u>10,086</u>

The Group's trading terms with its customers are mainly on credit. The credit periods range from 10 to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	2,915	9,584
1 to 3 months	5,288	502
	<u>8,203</u>	<u>10,086</u>

11. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<u>73,740</u>	<u>20,181</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the financial year ended 31 March 2023, the Group's revenue and profit attributable to owners of the parent amounted to approximately HK\$1,991.8 million (2022: approximately HK\$38.9 million) and approximately HK\$211.1 million (2022: approximately HK\$285.1 million), respectively. The profit for the year was mainly attributable to the completion of "The Met. Azure" project and share of profits recognised from joint ventures.

The selling and distribution expenses was amounted to approximately HK\$179.5 million (2022: approximately HK\$25.6 million) for the reporting year. The material increment was mainly due to the recognition of sales commission of the Met. Azure. This project was delivered during the year.

The share of profits of joint ventures for the year amounted to approximately HK\$316.8 million (2022: approximately HK\$430.6 million), The difference was mainly due to the decrease in sales recognition of two jointly venture projects, namely "maya" and "Altissimo" in the reporting year.

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.69 cent (2022: a final dividend of HK0.75 cent) per ordinary share for the year ended 31 March 2023 to shareholders whose names appear on the register of members of the Company as of Thursday, 31 August 2023. The final dividend will be paid on or around Wednesday, 13 September 2023, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Tuesday, 22 August 2023.

BUSINESS REVIEW

Property Development

Revenue recognised in this business segment during the year amounted to approximately HK\$1,971.1 million (2022: nil) which was mainly attributable to the delivery of "The Met. Azure" project.

The Met. Azure project is located at the junction of Liu To Road and Hang Mei Street, Tsing Yi (Tsing Yi Town Lot No. 192). As the latest project of "The Met." series, it was launched in August 2021. All residential units were sold out as at the date of this announcement and the total sales proceeds amounted to approximately HK\$1.6 billion.

The Group has launched the pre-sales of “Larchwood” in August 2022. The “Larchwood” project is located in the core area of Kowloon and is supported by well-developed community facilities. As at the date of this announcement, 96 out of 98 units released have been sold. The total sales proceeds amounted to approximately HK\$516.4 million. The units are expected to be delivered in 2024.

In February 2022, the Group has also completed the acquisition of the site located at Nos. 12–16, 18–20, 22 and 24 Ting Yip Street, Ngau Tau Kok, Kowloon, Hong Kong, with a total gross floor area of approximately 46,000 square feet. This project will be re-developed as part of “The Met.” series. The foundation work is undergoing.

In February 2022, the Group has acquired full ownership of the site located at Nos. 34–41, Fei Fung Street, Wong Tai Sin, Kowloon through compulsory sales. It will be re-developed with the adjacent site, No. 45 Fei Fung Street and 110 Shatin Pass Road, as one of “The Met.” series. The total site area and gross floor area are approximately 10,400 square feet and 93,700 square feet, respectively. The foundation work is undergoing.

In May 2023, the Group has completed the acquisition of the site located at Nos. 18–20 Sze Shan Street, Yau Tong and the total costs amounted to approximately HK\$940.6 million. The total site area is approximately 42,000 square feet and it is planned to be redeveloped into a residential project with commercial space.

In June 2023, the Group has successfully acquired a site located at Nos. 3–9 Finnie Street, Quarry Bay, Hong Kong for HK\$412 million. The total site area is approximately 4,200 square feet and it is planned to be redeveloped into a residential project with commercial space.

“maya”, which is located on No. 8 Shung Shan Street and No. 15 Sze Shan Street in Yau Tong, New Territories was developed by the Group together with CIFI Holdings (Group) Co. Ltd (“CIFI”). As at the date of this announcement, all of the 326 units have been sold, the aggregate sales proceeds amounted to approximately HK\$4.3 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 the date of this announcement, 542 of the 547 units released have been sold and the aggregate sales proceeds amounted to approximately HK\$7.0 billion. The Group owns 40% equity interest in this development project.

In September 2022, Sky Admiral Limited, a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with Sky Plaza Limited, a wholly-owned subsidiary of the APG Strategic Real Estate Pool joint venture (“**APG JV**”) to sell the entire issued share capital and shareholder’s loan of Star Moral Limited at an initial consideration of approximately HK\$554.8 million. Please refer to the announcement of the Company dated 1 September 2022 and the circular of the Company dated 23 September 2022 for details. This transaction was completed on 14 October 2022. This site is adjacent to another project (located at Nos. 120–126 Main Street, Ap Lei Chau, Hong Kong) which in turn was disposed of by the Group to the APG JV in December 2021. The APG JV will re-develop these two sites together as residential and commercial/mixed use property for sale. As at the date of this announcement, the foundation work is undergoing at the site.

As at the date of this announcement, six of our previously wholly-owned projects, namely Nos. 120–126, Main Street, Nos. 34 and 36 Main Street, Nos. 5, 7 and 9 Wai Fung Street, Ap Lei Chau, Nos. 26–48 Ming Fung Street, Nos. 31–41 and 45 Fei Fung Street, Wong Tai Sin, Nos. 12–16, 18–20, 22 and 24 Ting Yip Street, Ngau Tau Kok, and Nos. 128–130, Main Street, Ap Lei Chau, were sold to the APG JV.

In late September 2022, the APG JV has acquired the sites located at 101 and 111 King’s Road, Fortress Hill, Hong Kong from the joint venture group of the Group and CIFI (the “**CIFI JV**”) for approximately HK\$1.3 billion. The CIFI JV was formed in October 2020 in which CIFI and the Group own 60% and 40% equity interest, respectively. The total site area is approximately 20,800 square feet. Situated between North Point commercial area and Victoria Park in Causeway Bay, the sites of King’s Road are positioned at a convenient location within only a few minutes’ walk to Fortress Hill MTR Station. The sites are planned to be redeveloped into a residential project with commercial space. As at the date of this announcement, foundation work is undergoing at the site.

In July 2022, the Group has launched the sales of “LADDER Dundas”, the own-developed Ginza-style commercial property. Situated on 575 Nathan Road within Kowloon’s Yau Tsim Mong district, LADDER Dundas is a 19-storey building in the heart of visitor flow and consuming power. As at the date of this announcement, all 19 floors were sold and the sales proceeds amounted to approximately HK\$611.9 million.

As at 27 June 2023, 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
Nos. 86A-86D Pokfulam Road	28,500	28,500	Residential	2023	70%
Nos. 120-130 Main Street, Ap Lei Chau	7,200	74,200	Residential and Commercial	2025	50%
Nos. 34 and 36 Main Street and Nos. 5, 7 & 9 Wai Fung Street, Ap Lei Chau	4,100	38,500	Residential and Commercial	2025	50%
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	81,300	Residential and Commercial	2025	50%
Nos. 31-41 & 45 Fei Fung Street, Wong Tai Sin	10,400	93,700	Residential and Commercial	2025	50%
Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok	5,200	46,300	Residential and Commercial	2025	50%
101 and 111, King's Road, Fortress Hill	12,400	131,600	Residential and Commercial	2026	50%
Nos. 3-9 Finnie Street, Quarry Bay (<i>Note 1</i>)	4,200	39,100	Residential and Commercial	2026	100%
Nos. 18-20 Sze Shan Street, Yau Tong (<i>Note 2</i>)	41,700	269,000	Residential and Commercial	2028	100%

Notes:

1. Acquisition completed in June 2023.
2. Acquisition completed in May 2023.

The Group is currently working on an urban redevelopment project 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 65,000 square feet. All the development projects are financed by both external banking facilities and internal resources.

The Group is always exploring different channels to increase its land banks. Apart from its engagement in public tenders, the Group also actively worked on old building acquisitions, to provide stable land resource for future development.

Property Investment

As at 31 March 2023, the Group's portfolio of wholly-owned investment properties comprised of commercial units located in Hong Kong with a total carrying value of approximately HK\$147.0 million (31 March 2022: approximately HK\$135.1 million).

The Group's gross rental income during the financial year, inclusive of contributions from joint ventures, amounted to HK\$107.4 million (2022: HK\$91.6 million), representing an increase of approximately 17.3%. The increase in gross rental income was primarily attributable to the completion of rent-free period.

In June 2021, the Group and three independent third parties formed a new joint venture group (the "**Parkville JV**"), in which the Group owns 64% of its equity interest. 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 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 a more dynamic prosperity. The Parkville Property is fully let as at the date of this announcement.

In September 2021, the Group partnered with an independent third party, Jumbo Holding (BVI) L.P. (“**Jumbo Holding**”) to form a joint venture (the “**Jumbo JV**”), in which the Group owns 50% equity interest upon completion of share subscription by Jumbo Holding, 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. The Jumbo Property provides a total of 509 car parking spaces and is next to various major residential buildings and private club and is about a few minutes of 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. As at the date of this announcement, the Jumbo Property is fully let.

The 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 and “The Parkside” located at No.18 Tong Chun Street, Tseung Kwan O, New Territories in 2019. The Group has 50% equity interest in each project. The Group has refurbished the property, improved the tenant mix and enhanced the rental yield. As at the date of this announcement, Lake Silver is fully let and The Parkside gets an occupancy rate over 90%.

Reference is also made to the prospectus of the Company dated 30 March 2016, in which it was stated that as at 21 March 2016, the parent company (i.e. Wang On Group Limited) and its subsidiaries (excluding the Group) owned a total of 48 residential investment properties (the “**Excluded Properties**”) which were not injected into the Group as part of the spin-off listing of the Company in April 2016. The Company has been informed by Wang On Group Limited that 40 out of these 48 Excluded Properties had been sold as of 27 June 2023.

Asset Management

The Group has formed joint ventures with different strategic partners in both residential developments and commercial investments. By leveraging the resources and networks in Hong Kong market, the Group also manages the assets on behalf of the capital partners.

As the asset manager of the invested assets, the Group earns fee incomes, including asset management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the Group's joint venture partners have received their targeted capital returns.

For the financial year, the Group recorded fee incomes amount to HK\$17.0 million (2022: HK\$30.8 million). The decrease was mainly due to the decrease in acquisition fee.

In December 2022, the Group has formed a new joint venture with Angelo, Gordon & Co., L.P. (“AG”) a well-known U.S. licensed investment manager, for the acquisition and operation of the property located at No.19 Luk Hop Street, Kowloon, Hong Kong, including the hotel building currently erected thereon and known as “Pentahotel Hong Kong, Kowloon”. The hotel building on the property has a total gross floor area of approximately 285,000 square feet. Situated between San Po Kong and Kai Tak in East Kowloon, the property is positioned at a convenient location where both Diamond Hill MTR station and Kai Tak MTR station are within walking distance.

Other than managing two commercial accommodation investments, namely Lake Silver and The Parkside, which were co-invested with KKR in 2019, the Group has been engaged as the asset manager in new joint ventures in 2021. Those joint ventures are the Parkville JV and the Jumbo JV. Details of the managed assets can be referred to the section “Property Investment”.

The Group has also partnered with the depositary of APG Strategic Real Estate Pool (“APG”) since December 2021 for the acquisition of residential properties in Hong Kong for development and re-development for sales. As the asset manager, the Group involves in the site evaluation, acquisition, construction management and sales.

By utilizing the Group's expertise in asset management, it would seek to secure its asset management income and explore strategic expansion opportunities for additional recurring income.

The Group has various interests in joint ventures which are principally engaged in property investment and property development. To assess the recoverability of these investments, the Group has engaged independent valuer to assess fair value of the underlying assets.

With reference to the fair value, the Directors considered that the Group's interests in these joint ventures were fairly stated and no impairment was necessary.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's total assets less current liabilities were approximately HK\$7,327.3 million (2022: approximately HK\$7,829.9 million) and the current ratio was approximately 1.5 times (2022: approximately 2.0 times). As at 31 March 2023, the Group had cash and cash balances of approximately HK\$869.2 million (2022: approximately HK\$831.5 million).

Aggregate bank borrowings as at 31 March 2023 amounted to approximately HK\$3,999.1 million (2022: approximately HK\$4,359.2 million). The gearing ratio was approximately 59.4% (2022: approximately 68.2%), calculated by reference to the Group's total bank borrowings net of cash and cash balances and the equity attributable to owners of the parent. As at 31 March 2023, the Group's property, plant and equipment, investment properties, properties under development and properties held for sales, with carrying value of approximately HK\$78.1 million, HK\$147.0 million, HK\$4,187.6 million and HK\$123.5 million, respectively (2022: approximately HK\$81.4 million, HK\$82.5 million, HK\$4,829.7 million and HK\$580.0 million, respectively) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2023 amounted to approximately HK\$1,121.8 million (2022: approximately HK\$2,072.9 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$110.9 million (2022: approximately HK\$43.3 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to HK\$450.8 million (2022: HK\$450.8 million) and were utilized to the extent of HK\$250.3 million as at 31 March 2023 (2022: HK\$360.9 million). Save as disclosed herein, the Group had no significant contingent liabilities as at the end of the year.

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

DEBT PROFILE AND FINANCIAL PLANNING

As at 31 March 2023, interest-bearing debt profile of the Group was analyzed as follows:

	31 March 2023	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans repayable:		
Within one year or on demand	1,961,685	1,929,380
In the second year	2,037,447	1,278,176
In the third to fifth years, inclusive	<u> –</u>	<u>1,151,668</u>
	<u>3,999,132</u>	<u>4,359,224</u>
Other loans repayable		
Within one year	206,230	–
In the second year	<u> –</u>	<u>206,230</u>
	<u><u>4,205,362</u></u>	<u><u>4,565,454</u></u>

The effective interest rate of bank loans was approximately 4.9% per annum (31 March 2022: approximately 2.1%) and other loans carried a fixed interest rate at 6.0% (31 March 2022: 6.0%) per annum.

During the financial year and up to the date of this announcement, the Group has converted approximately HK\$4.6 billion bank facilities into sustainability-linked loan (“SLL”). This SLL is directly tethered to the Group’s 5-Year Environmental, Social and Governance (“ESG”) roadmap, which includes its commitment to achieve outstanding results in Global Real Estate Sustainability Benchmark (“GRESB”) assessment. The Group is also committed to engaging its tenants in developing green leases.

TREASURY POLICY

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

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

FOREIGN EXCHANGE

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group had 128 (2022: 136) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund ("MPF") as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Share options may be granted to any director or proposed director (whether executive or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Share Option Scheme became effective on 9 August 2016 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date. No share option has been granted since the adoption of the Share Option Scheme.

PROSPECTS

With the continued uncertainties from geographic tensions and interest rate hikes, 2022 was still a challenging year for business and worldwide economy. With the worldwide relaxation of pandemic restrictions and re-opening of borders in Mainland China, recovery to normality has been expedited in the second half of 2022.

In the first quarter of 2023, real GDP resumed year-on-year growth of 2.7%, having contracted by 4.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3%.

In Hong Kong, the Government has kept launching different measures and events e.g. consumption vouchers, “Happy Hong Kong” campaign, etc to bolster the consumer spendings and visitor arrivals. At the same time, the Group introduced new marketing campaigns in the commercial investments, to stimulate the footfall and spending.

The Group launched the pre-sales of “Larchwood” in August 2022. As at the date of this announcement, more than 90% of the released units were sold. The luxury properties project located at Nos. 86A-86D Pokfulam Road is expected to be launched in the second half of 2023. With the border re-opened and new policies and measures formulated by the 2023-24 Budget, e.g. the Capital Investment Entrant Scheme, the sales of the houses shall be enhanced.

During the year, the Group has partnered with AG to acquire Pentahotel Hong Kong, Kowloon. This signifies the Group’s first major investment in the hospitality sector. It is a good opportunity for the Group to leverage its knowledge and expertise in property investment and asset management while generating sustainable management fee income and share of operating profit of the property.

The Group will continue to explore new investment opportunities whilst cautiously monitoring market changes. The Group will also seek for collaboration with strategic partners to strengthen the asset management as well as property development and property investment business. Concomitantly, more ESG factors will be incorporated into the business operations and products.

It is expected that 2023 is still a vigilant year. The Group will adopt a prudent approach towards business development and financial positions and aims for a stable return to the stakeholders.

SUSTAINABLE DEVELOPMENT

The Group believes sustainability is the key to its success, insists on “care and love”, and strives to create a great future for the public and the next generation.

Environment

The Group has been promoting sustainability by lowering our carbon footprint and the amount of waste disposal. We have worked with CLP Power Hong Kong Limited (“CLP”) in developing our residential project, the Met. Azure, in Tsing Yi, by installing all-rounded comprehensive intelligent technology to improve energy efficiency, thereby reducing carbon emissions. The Group also engaged CLP to conduct energy audit for The Parkside. The Group will continue to explore new measures that help lowering carbon emissions and climate risks.

Social

The Group affirms it is important to give back to our community, and one of the main causes we support is youth development. Since 2018, the Group has been a strong supporter of Project WeCan Foundation, backing various initiatives to promote the learning, development, and well-being of students.

The Group also sponsored the Community Chest’s “Walk for Million” to support the family and child-welfare services. During the year, volunteers of the Group visited low-income families, bringing support and positive energy to the underprivileged and putting the Group’s philosophy into practice.

Governance

The Group is committed to maintaining a high standard of corporate governance practices. To ensure that all businesses operate with a high standard of ethics, transparency, accountability and integrity, the Group has established procedures for reporting, investigating and handling suspected corruption cases to avoid any corruption-related misconduct.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

The Group acknowledges our corporate social responsibility to share some burden in building the society where our business has been established and thrived. During the financial year, the Group has participated different community activities, e.g. visiting low income families and providing scholarship to students, etc. The Group will keep the passion on the contribution of resources and caring to the society.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company adopted the principles and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) save as below:

Mr. Chan Chun Hong resigned as the non-executive chairman with effective from 8 February 2021. Since then, the Company has been searching suitable candidate to fill the vacancy. However, the search process has not been successful. As at the date of this announcement, no chairman has been appointed and the Company will continue to search the replacement and will make announcement in accordance with the Listing Rules as and when required under the Listing Rules.

During the year, the substantive corporate governance functions of the chairman of the Board under the applicable provisions of the CG Code were performed by the Company's chief executive officer and executive Director, Mr. Tang Ho Hong, a deviation from Code C.2.1 of the CG Code.

Further details of the Company's corporate governance practices are set out in the corporate governance report in the Company's 2023 Annual Report to be published by the Company in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising all four independent non-executive Directors, namely Mr. Li Wing Sum Steven, Mr. Sung Tze Wah, Sr Dr. Leung Tony Ka Tung and Dr. Chan Ho Wah Terence, has been established to, inter alia, review and approve the consolidated financial statements for the financial year ended 31 March 2023. Mr. Li Wing Sum Steven is the chairman of the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the financial year ended 31 March 2023 as set out in this announcement have been agreed by the Company’s independent auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the financial year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing*, *Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For determining eligibility to attend and vote at the annual general meeting:

Latest time to lodge transfer documents for registration	:	4:30 p.m., Wednesday, 16 August 2023
Closure of register of members	:	Thursday, 17 August 2023 to Tuesday, 22 August 2023 (both days inclusive)
Record date	:	Tuesday, 22 August 2023

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

Latest time to lodge transfer documents for registration	:	4:30 p.m., Monday, 28 August 2023
Closure of register of members	:	Tuesday, 29 August 2023 to Thursday, 31 August 2023 (both days inclusive)
Record date	:	Thursday, 31 August 2023

In order to be eligible to qualify for the proposed final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the latest date and time set out above.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.woproperties.com). The 2023 annual report containing all information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
WANG ON PROPERTIES LIMITED
宏安地產有限公司
Tang Ho Hong
Executive Director and Chief Executive Officer

Hong Kong, 27 June 2023

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