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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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024**

ANNUAL FINANCIAL HIGHLIGHTS			
	For the year ended 31 March 2024 HK\$'million	For the year ended 31 March 2023 HK\$'million	Change
Contracted sales (included joint ventures)	1,708	1,533	+11%
Revenue	298	1,992	-85%
Gross profit	74	330	-78%
Write-down of properties under development	692	26	+2,562%
(Loss)/profit attributable to owners of the parent	(733)	211	-447%
Core profit attributable to owners of the parent*	28	319	-91%
(Loss)/earnings per share (HK cents)			
– Basic and diluted	(4.82)	1.39	-447%
Dividend per share (HK cent)			
– Final	Nil	0.69	N/A
	As at 31 March 2024 HK\$'million	As at 31 March 2023 HK\$'million	
Net asset value	4,447	5,283	-16%
Net asset value per share (HK\$)	0.293	0.348	-16%
* Core profit attributable to owners of the parent is defined as the profit or loss attributable to owners of the Company excluding the effects of non-cash items and non-recurring items, namely write-down of properties under development and properties held for sale, loss on disposal/redemption of debt investments at fair value through other comprehensive income, fair value changes on investment properties and financial assets and liabilities at fair value through profit or loss and impairment losses on financial assets.			

RESULTS

The board of directors (the “**Board**” or the “**Director(s)**”) 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 2024, 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 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	3	297,894	1,991,840
Cost of sales		<u>(224,310)</u>	<u>(1,662,233)</u>
Gross profit		73,584	329,607
Other income and gains, net	3	59,367	93,498
Selling and distribution expenses		(83,700)	(179,493)
Administrative expenses		(104,686)	(108,169)
Other expenses		(60,387)	(20,974)
Impairment losses on financial assets, net		(281)	(17,217)
Finance costs	5	(181,010)	(126,760)
Fair value gains on investment properties, net		2,714	11,880
Fair value (losses)/gains on financial assets and liabilities at fair value through profit or loss, net		(11,584)	3,010
Write-down of properties under development		(692,355)	(25,583)
Write-down of properties held for sale		–	(58,688)
Share of profits and losses of joint ventures		<u>262,533</u>	<u>316,775</u>
(LOSS)/PROFIT BEFORE TAX	4	(735,805)	217,886
Income tax expense	6	<u>(6,268)</u>	<u>(7,032)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(742,073)</u></u>	<u><u>210,854</u></u>

	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	(44,252)	(35,881)
Reclassification adjustments for losses included in profit or loss		
– loss on disposal/redemption, net	60,044	20,974
– impairment losses, net	1,220	16,865
	<hr/>	<hr/>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	17,012	1,958
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	17,012	1,958
	<hr/>	<hr/>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(725,061)	212,812
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(Loss)/profit attributable to:		
Owners of the parent	(733,276)	211,066
Non-controlling interests	(8,797)	(212)
	<hr/>	<hr/>
	(742,073)	210,854
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(716,264)	213,024
Non-controlling interests	(8,797)	(212)
	<hr/>	<hr/>
	(725,061)	212,812
	<hr/> <hr/>	<hr/> <hr/>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted	8	
	(HK4.82 cents)	HK1.39 cents
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		86,687	98,492
Investment properties		71,000	147,000
Club membership		17,780	16,800
Properties under development		243,600	1,992,527
Interests in joint ventures		3,855,629	3,538,229
Loan and interest receivables		17,808	887
Deposits and other receivables		28,449	156,308
Debt investments at fair value through other comprehensive income		–	101,714
Financial assets at fair value through profit or loss		775	49,510
Deferred tax assets		3,965	7,729
		<hr/>	<hr/>
Total non-current assets		4,325,693	6,109,196
		<hr/>	<hr/>
CURRENT ASSETS			
Properties under development		1,925,060	2,243,399
Properties held for sale		1,710,302	245,808
Trade receivables	9	2,336	8,203
Loan and interest receivables		–	11,696
Prepayments, other receivables and other assets		281,401	221,618
Cost of obtaining contracts		18,443	13,360
Tax recoverable		3,100	2,798
Debt investments at fair value through other comprehensive income		2,486	6,450
Financial assets at fair value through profit or loss		41,086	14,346
Cash and bank balances		722,742	869,150
		<hr/>	<hr/>
		4,706,956	3,636,828
Assets of a disposal group classified as held for sale		857,292	–
		<hr/>	<hr/>
Total current assets		5,564,248	3,636,828
		<hr/>	<hr/>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>10</i>	112,355	73,740
Other payables and accruals		214,464	128,614
Contract liabilities		71,821	43,355
Interest-bearing bank and other borrowings		3,149,757	2,167,915
Tax payable		4,284	5,122
		3,552,681	2,418,746
Liabilities of a disposal group classified as held for sale		322,936	–
		3,875,617	2,418,746
NET CURRENT ASSETS			
		1,688,631	1,218,082
TOTAL ASSETS LESS CURRENT LIABILITIES			
		6,014,324	7,327,278
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss		606	–
Other payables		962	6,661
Interest-bearing bank and other borrowings		1,565,047	2,037,447
Deferred tax liabilities		562	482
		1,567,177	2,044,590
Total non-current liabilities		1,567,177	2,044,590
Net assets		4,447,147	5,282,688
EQUITY			
Equity attributable to owners of the parent			
Issued capital		15,200	15,200
Reserves		4,435,444	5,256,588
		4,450,644	5,271,788
Non-controlling interests		(3,497)	10,900
Total equity		4,447,147	5,282,688

NOTES TO FINANCIAL INFORMATION

1.1 BASIS OF PRESENTATION

As at 31 March 2024, the Group's current portion of interest-bearing bank and other borrowings amounted to HK\$3,472,229,000, of which HK\$322,472,000 was included in liabilities of a disposal group classified as held for sale, while its cash and cash equivalents amounted to HK\$722,742,000. In addition, the Group recorded a loss for the year of HK\$742,073,000 and a net cash used in operating activities of HK\$724,139,000 for the year ended 31 March 2024.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 March 2024. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

- (a) The Group is actively negotiating with its existing lenders on the refinancing of existing bank borrowings with scheduled repayment dates due within one year at a reasonable cost. The management of the Company believes that the Group will be able to refinance its bank borrowings when they become due and obtain new bank facilities as needed based on the Group's relationship with the banks and its historical record of successfully refinancing loans. In addition, based on the ongoing discussions with banks, the management of the Company believes that the relevant lenders will not exercise their rights to request the Group for immediate repayment of any significant borrowings prior to their repayment dates in accordance with the relevant loan agreements. Subsequent to the reporting period and up to the date of approval of these financial statements, the Group has refinanced bank borrowings with an aggregate amount of HK\$717,788,000 with its existing lenders and secured new borrowings with an aggregate amount of HK\$261,000,000 from a bank.
- (b) As at 31 March 2024, there was no non-compliance occurred in respect of the financial covenants of the Group's borrowings and the management of the Company believes that the Group will be able to comply with all its financial covenants for the periods up to 31 March 2025. In the meantime, the Group will continue to monitor its compliance with the covenant requirements of all its borrowings and facilities.
- (c) As at 31 March 2024, the Group has unutilised banking facilities of HK\$143,545,000 for the payment of construction costs of its properties development projects and the management of the Company believes that the Group will be able to fulfill all its payment obligations to the Group's contractors/vendors and meet all of the necessary conditions to launch the pre-sale and complete the remaining construction work for property delivery of the relevant projects.

- (d) The Group has formulated an assets disposal plan and has been in active negotiations with potential buyers for the realisation of certain assets to improve the Group's liquidity. In March 2024, the Group has entered into an agreement to dispose of a property project to a joint venture at an initial cash consideration of HK\$797,000,000 (subject to adjustment) and details of which are disclosed in the Company's circular dated 21 June 2024. The Group will continue to seek opportunities to dispose of its projects and assets at reasonable prices to generate cash inflows and mitigate its liquidity pressure.
- (e) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds.
- (f) Wang On Group Limited (“**WOG**”), the ultimate holding company of the Company, has agreed in writing to provide continual financial support to the Group and not to demand repayment of the amounts due to it until such time when the Group is in a position to repay without impairing its liquidity and financial position. In addition, in March 2024, WOG has provided to the Group a revolving loan facility with a principal amount of HK\$250,000,000 and it was further increased to HK\$500,000,000 in June 2024 pursuant to a supplemental loan facility agreement.
- (g) The Group will continue to take active measures to control administrative costs and capital expenditure.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management. The cashflow forecast covers a period of at least 12 months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2024 on a going concern basis.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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/liabilities at fair value through profit or loss, which have been measured at fair value. Disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments") (early adopted)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments") (early adopted)</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively with earlier application permitted. The Group has early adopted the 2020 Amendments and 2022 Amendments from 1 April 2023 and in accordance with the transition provisions of the amendments, the Group has applied the amendments retrospectively.

The Group has reassessed the terms and conditions of its loan arrangements as at 1 April 2022 and 31 March 2023 upon initial application of the amendments and there was no significant impact to the Group's classification of liabilities as at 1 April 2022 and 31 March 2023.

As at 31 March 2024, a bank loan of HK\$350,000,000 drawn by the Group under a 42-month revolving loan facility has been classified as a non-current liability as the Group has the right to roll over the loan on every interest period (one month or three months) until the final maturity date in March 2027 given that the Group has complied with the covenants of the bank loan on or before 31 March 2024. These covenants include the fulfilment of certain financial covenants for every six months and the satisfaction of its financial obligations on every interest period. Under the amendments, the covenants to be fulfilled after the reporting period would not affect the classification of a liability arising from a loan arrangement as current or non-current, thus the Group has the right to roll-over the loan and to defer settlement of the loan for at least twelve months after the reporting date under the revolving loan facility.

- (c) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any material impact on the financial position or performance of the Group.

- (e) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. OPERATING SEGMENT INFORMATION

Year ended 31 March

	Property development		Property investment		Asset management		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:								
Sales to external customers	258,613	1,971,145	3,065	3,684	36,216	17,011	297,894	1,991,840
Other income	27,907	40,728	49	15,364	–	–	27,956	56,092
Total segment revenue	<u>286,520</u>	<u>2,011,873</u>	<u>3,114</u>	<u>19,048</u>	<u>36,216</u>	<u>17,011</u>	<u>325,850</u>	<u>2,047,932</u>
Segment results	<u>(839,048)</u>	<u>143,846</u>	<u>350,542</u>	<u>251,394</u>	<u>(1,737)</u>	<u>(12,153)</u>	<u>(490,243)</u>	<u>383,087</u>
<i>Reconciliation</i>								
Interest income from bank deposits							9,593	13,826
Interest income from loan receivables							–	170
Interest income from debt investments at fair value through other comprehensive income							10,934	18,230
Interest income from financial assets at fair value through profit or loss							5,184	5,180
Dividend income from financial assets at fair value through profit or loss							5,700	–
Loss on disposal/redemption of debt investments at fair value through other comprehensive income							(60,044)	(20,974)
Fair value (losses)/gains on financial assets and liabilities at fair value through profit or loss, net							(11,584)	3,010
Impairment losses on financial assets, net							(281)	(17,217)
Finance costs							(181,010)	(126,760)
Corporate and unallocated expenses							(24,054)	(40,666)
(Loss)/profit before tax							(735,805)	217,886
Income tax expense							(6,268)	(7,032)
(Loss)/profit for the year							<u>(742,073)</u>	<u>210,854</u>

3. REVENUE AND OTHER INCOME AND GAINS, NET

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sales of properties	258,613	1,971,145
Asset management fees	36,216	17,011
Subtotal	<u>294,829</u>	<u>1,988,156</u>
<i>Revenue from other source</i>		
Rental income	<u>3,065</u>	<u>3,684</u>
Total revenue	<u><u>297,894</u></u>	<u><u>1,991,840</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Other income and gains, net</u>		
Interest income from bank deposits	9,593	13,826
Interest income from loan receivables	–	170
Interest income from debt investments at fair value through other comprehensive income	10,934	18,230
Interest income from financial assets at fair value through profit or loss	5,184	5,180
Dividend income from financial assets at fair value through profit or loss	5,700	–
Forfeiture of deposits from customers	1,602	11,988
Property management fee	10,093	6,810
Gain on disposal of items of property, plant and equipment	–	2
Gain on disposal of a joint venture	–	14,551
Others	<u>16,261</u>	<u>22,741</u>
Total other income and gains, net	<u><u>59,367</u></u>	<u><u>93,498</u></u>

4. (LOSS)/PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of properties sold	195,173	1,640,965
Cost of services provided	29,008	21,084
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	129	184
Depreciation of owned assets	905	1,564
Depreciation of right-of-use assets	13,810	13,353
Impairment losses/(reversal of impairment losses) on financial assets, net:		
Debt investments at fair value through other comprehensive income	1,220	16,865
Loan and interest receivables	(939)	352
Total	<u>281</u>	<u>17,217</u>
Loss on disposal/redemption of debt investments at fair value through other comprehensive income*	60,044	20,974
Loss on disposal of subsidiaries*	343	–
Lease payments not included in the measurement of lease liabilities	3,754	1,100
Auditor's remuneration	3,080	3,080
Employee benefit expense (including directors' remuneration):		
Wages and salaries**	87,521	77,133
Pension scheme contributions***	1,866	1,799
Less: amount capitalised	(8,665)	(11,651)
Total	<u><u>80,722</u></u>	<u><u>67,281</u></u>

- * These expenses are included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income.
- ** Wage subsidies of HK\$1,542,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from May to July 2022 were received during the year ended 31 March 2023. These subsidies were recognised in “Administrative expenses” and offset with the employee benefit expenses. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There were no unfulfilled conditions or contingencies relating to this grant.
- *** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank and other borrowings	327,936	201,674
Interest on lease liabilities	<u>332</u>	<u>403</u>
	328,268	202,077
Less: Interest capitalised	<u>(147,258)</u>	<u>(75,317)</u>
Total	<u><u>181,010</u></u>	<u><u>126,760</u></u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	2,645	3,657
(Overprovision)/underprovision in prior years	<u>(221)</u>	<u>2,316</u>
	2,424	5,973
Deferred	<u>3,844</u>	<u>1,059</u>
Total tax charge for the year	<u><u>6,268</u></u>	<u><u>7,032</u></u>

7. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Proposed final dividend – Nil (2023: HK0.69 cent) per ordinary share	<u><u>–</u></u>	<u><u>104,880</u></u>

The board of directors does not recommend the payment of any dividends in respect of the year ended 31 March 2024.

The final dividend proposed subsequent to the reporting period in the prior year was subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company and had not been recognised as a liability at 31 March 2023.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share for the year ended 31 March 2024 is based on the loss for the year attributable to owners of the parent of HK\$733,276,000 (2023: profit of HK\$211,066,000) and the weighted average number of ordinary shares in issue during the year of 15,200,000,000 (2023: 15,200,000,000).

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 March 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during these two years.

9. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from joint ventures	2,336	8,203
Impairment	<u>—</u>	<u>—</u>
Net carrying amount	<u><u>2,336</u></u>	<u><u>8,203</u></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	2,336	2,915
1 to 3 months	<u>—</u>	<u>5,288</u>
Total	<u><u>2,336</u></u>	<u><u>8,203</u></u>

10. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	<u><u>112,355</u></u>	<u><u>73,740</u></u>

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

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL RESULTS

FINANCIAL RESULTS

Revenue

The Group's revenue consists of revenue derived from (i) sale of the Group's properties; (ii) fees from asset management services; and (iii) rental income from property leasing. The following table sets forth a breakdown of the Group's revenue and the percentage of total revenue for the financial years indicated:

	For the year ended 31 March			
	2024	%	2023	%
	<i>HK\$'000</i>		<i>HK\$'000</i>	
Sales of properties	258,613	87	1,971,145	99
Asset management fees	36,216	12	17,011	1
Rental income	3,065	1	3,684	–
Total	<u>297,894</u>	<u>100</u>	<u>1,991,840</u>	<u>100</u>

For the financial year ended 31 March 2024 (the “**Financial Year**”), the Group's revenue amounted to approximately HK\$297.9 million (2023: approximately HK\$1,991.8 million). The decrease was mainly due to the decrease in sales and delivery of completed residential projects during the Financial Year.

- Sales of properties

Revenue derived from sale of properties decreased substantially by approximately 86.9% from approximately HK\$1,971.1 million for the year ended 31 March 2023 to approximately HK\$258.6 million for the year ended 31 March 2024. The decrease was primarily due to the decrease in the total GFA sold and delivered during the Financial Year as there was no new project completed during this Financial Year but compared with last financial year, there were 2 projects completed and delivered.

- **Asset management fees**

Revenue derived from asset management services increased substantially by approximately 112.9% from approximately HK\$17.0 million for the year ended 31 March 2023 to approximately HK\$36.2 million for the year ended 31 March 2024. The increase was mainly due to the recognition of an one-off acquisition fee derived from a newly acquired project co-invested with joint venture partner, please refer to “Hospitality” section for details.

- **Rental income**

The Group earns rental income from its investment properties portfolio which remains stable for both years ended 31 March 2024 and 2023.

Gross profit

Gross profit decreased from approximately HK\$329.6 million for the year ended 31 March 2023 to approximately HK\$73.6 million for the year ended 31 March 2024, which represents a decrease of approximately 77.7%. The decrease was primarily due to the significant decrease in revenue generated from the sale of properties which used to be the Group’s major profit contributor.

Other income and gains

The Group had a net gain of approximately HK\$59.4 million for other income and gains for the year ended 31 March 2024 (2023: approximately HK\$93.5 million). The net gain in the Financial year was mainly attributable to debts investments and financial assets interest income of approximately HK\$16.1 million (2023: approximately HK\$23.4 million), interest income from bank deposits of approximately HK\$9.6 million (2023: approximately HK\$13.8 million) and forfeited deposit of approximately HK\$1.6 million (2023: approximately HK\$12.0 million).

Selling and distribution expenses

Selling and distribution expenses primarily consisted of commissions, advertising and promotional expenses.

Selling and distribution expenses for the year ended 31 March 2024 amounted to approximately HK\$83.7 million (2023: approximately HK\$179.5 million), representing a decrease of approximately 53.4%. The decrease was primarily due to the fact that there were less sales activities carried out in the Financial Year due to the poor local property market environment. As a result, the Group’s commission expense was reduced substantially which was in line with the decrease in sale of properties.

Administrative expenses

Administrative expenses primarily include staff salaries and benefits, donation, depreciation expenses, office expenses, traveling expenses, professional fees, utilities and building management fee. Administrative expenses for the year ended 31 March 2024 amounted to approximately HK\$104.7 million (2023: approximately HK\$108.2 million), representing a decrease of approximately 3.2% as compared to last financial year. During the Financial Year, the Group continued to maintain tight cost control policy and as a result, it was able to further reduce its overall administrative expenses.

Other expenses

Other expenses of approximately HK\$60.4 million was noted for the year ended 31 March 2024 (2023: approximately HK\$21.0 million), as there was a loss of disposal of debt investments at fair value through other comprehensive income amounted to approximately HK\$60.0 million recorded during the Financial Year.

Finance costs

Finance costs consisted primarily of interest expenses on borrowings and lease liabilities net of capitalised finance costs. Finance costs amounted to approximately HK\$181.0 million (2023: approximately HK\$126.8 million). The increment was mainly due to the increase in the average cost of borrowings. During the Financial Year, the average cost of bank borrowings increased from approximately 4.9% as at 31 March 2023 to approximately 6.6% as at 31 March 2024.

Share of profits of joint ventures

Share of profits of joint ventures for the year ended 31 March 2024 amounted to approximately HK\$262.5 million (2023: approximately HK\$316.8 million), the decrease was mainly due to the fact that there was a share of losses from write-down of properties under development on certain residential projects held by joint ventures amounted to approximately HK\$87.2 million (2023: Nil) during the Financial Year.

Write-down of properties under development

Write-down of properties under development for the year ended 31 March 2024 amounted to approximately HK\$692.4 million (2023: approximately HK\$25.6 million). This substantial increase was caused by continuous downturn in the real estate market of Hong Kong, which resulted in a reduction in the residual value of the Group's properties under development.

Loss attributable to owners of the parents

The Group recorded a loss of HK\$733.3 million (2023: a profit of HK\$211.1 million) attributable to owners of the parent for the year ended 31 March 2024. By excluding the non-cash items and non-recurring items, namely write-down of properties under development and properties held for sale, loss on disposal/redemption of debt investments at fair value through other comprehensive income, fair value changes on investment properties and financial assets and liabilities at fair value through profit or loss and impairment losses on financial assets, the core profit attributable to owners of the parents for the year ended 31 March 2024 amounted to HK\$28.3 million (2023: HK\$318.6 million).

DIVIDEND

The Board does not recommend the payment of a final dividend (2023: a final dividend of HK0.69 cent per ordinary share) for the year ended 31 March 2024. No interim dividend was declared for the six months ended 30 September 2023 (2022: Nil).

BUSINESS REVIEW

Property Development

Contracted sales

The Group and its joint ventures currently have 6 residential projects for sale. For the year ended 31 March 2024, the Group and its joint ventures achieved total contracted sales value and contracted sales area of approximately HK\$1,708 million (2023: approximately HK\$1,533 million) and approximately 75,750 square feet (2023: approximately 61,557 square feet) respectively.

For this Financial Year, contracted sales were mainly contributed by two projects, namely Altissimo and Phoenext. Altissimo, a project which the Group owns 40% equity interests, is located at Ma On Shan. The Group achieved a contracted sale of approximately HK\$860 million for the year ended 31 March 2024. As at the date of this announcement, 544 of the 547 units have been sold and the aggregate sales proceeds amounted to approximately HK\$7.2 billion. Phoenext, which is located in Ming Fung Street, Kowloon, is one of the six projects with joint venture company APG Strategic Real Estate Pool (“**APG JV**”) and the Group owns 50% equity interest in APG JV. The Group has launched pre-sales of this project in January 2024. As at the date of this announcement, 146 units out of the 230 units have been sold and the aggregate sales proceeds amounted to approximately HK\$703.9 million.

Projects completed during the Financial Year and up to the date of this announcement

The Group has obtained the completion certificates of MOUNT POKFULAM in March 2024, and obtained occupation permits of Larchwood in June 2024. As at the date of this announcement, these two projects have already achieved a total contracted sales of approximately HK\$951.2 million which will be recognised as revenue in the financial year ending 31 March 2025.

New land acquired during the Financial Year

In May 2023, the Group has completed the acquisition of the site located at Nos. 18-20 Sze Shan Street, Yau Tong (“**Sze Shan Street Project**”) and the total costs amounted to approximately HK\$940.6 million. The total site area is approximately 41,700 square feet and it is planned to be redeveloped into a residential project with commercial spaces.

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 re-developed into a residential project with commercial spaces.

In November 2023, the Group has completed the consolidation of the ownership of an urban redevelopment project through compulsory sales. The project is located at Nos. 17-23 Ap Lei Chau Main Street, 7-9 Ping Lan Street and 37-39 Shan Shi Street. The total site area is approximately 6,600 square feet and it is planned to be redeveloped into a residential project with commercial spaces.

Formation of a new joint venture

During the Financial Year, the Group has formed a joint venture partnership with a reputable property developer, Chevalier International Holdings Limited, to acquire the Sze Shan Street Project. Upon completion of the transaction, the Group will own 50% equity interests of the Sze Shan Street Project. As at the date of this announcement, the transaction has not been completed.

Revenue

Revenue recognised in this business segment during the Financial Year amounted to approximately HK\$258.6 million (2023: approximately HK\$1,971.1 million) which was mainly attributable to the sales of remaining units of “The Met. Azure” project and “LADDER Dundas” 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.

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\$616.9 million.

Land bank of the Group

As at the date of this announcement, the Group has a total gross floor area of land bank of approximately 953,200 square feet, including approximately 464,000 square feet of properties under development, of which approximately 42,000 square feet was sold under pre-sales during the year, by APG JV. The following table sets forth an overview of the Group's property projects as at the date of this announcement:

Location	Approximate site area (sq.ft)	Approximate gross floor area (sq.ft)	Intended usage	Anticipated year of completion	Interest attributable to the Group	Total unsold saleable floor area (sq.ft)
Nos. 86A-86G Pokfulam Road ("MOUNT POKFULAM")	28,500	28,500	Residential	2024	70%	26,200
Nos. 50-62 Larch Street and Nos. 6-8 Lime Street, Tai Kok Tsui ("Larchwood")	6,800	61,500	Residential and Commercial	2024	100%	25,000
Nos. 120 -130 Main Street, Ap Lei Chau #	7,200	74,200	Residential and Commercial	2025	50%	64,000
Nos. 34 and 36 Main Street and Nos. 5, 7 & 9 Wai Fung Street, Ap Lei Chau #	4,100	38,600	Residential and Commercial	2025	50%	30,000
Nos. 26-48 Ming Fung Street, Wong Tai Sin # ("Phoenext")	9,600	81,200	Residential and Commercial	2025	50%	28,000
Nos. 31-41 & 45 Fei Fung Street, Wong Tai Sin #	10,400	93,700	Residential and Commercial	2025	50%	80,000
Nos. 12-16, 18-20, 22 and 24 Ting Yip Street, Ngau Tau Kok #	5,200	46,300	Residential and Commercial	2025	50%	38,000
Nos. 101 and 111, King's Road, Fortress Hill #	12,400	130,000	Residential and Commercial	2026	50%	116,000
Nos. 3-9 Finnie Street, Quarry Bay	4,200	39,100	Residential and Commercial	2026	100%	31,000
Nos. 17-23 Ap Lei Chau Main Street, 7-9 Ping Lan Street and 37-39 Shan Shi Street, Ap Lei Chau	6,600	68,100	Residential and Commercial	2027	100%	58,000
Nos. 18-20 Sze Shan Street, Yau Tong	41,700	292,000	Residential and Commercial	2028	100%	276,000
Total	136,700	953,200				772,200

The Group has been engaged as the asset manager for the projects.

The Group is always exploring different channels to increase its land banks as and when suitable opportunities arise. 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 2024, 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\$71.0 million (2023: approximately HK\$147.0 million). The decrease in total carrying value was mainly attributable to the disposal of two investment properties during the Financial Year.

The Group's gross rental income during the Financial Year, inclusive of contributions from joint ventures, amounted to approximately HK\$157.5 million (2023: approximately HK\$119.6 million), representing an increase of approximately 31.7%. The increase in gross rental income was primarily attributable to the new acquisition of a leasing property and improvement in the occupancy rate of the investment properties during the Financial Year.

As at the date of this announcement, the Group's investment properties portfolio, including joint ventures, has a total asset value of not less than HK\$6.2 billion. Please refer to below for details of investment properties portfolio.

Property	Approximate saleable area/ leasing unit	Acquired in	Interest attributable to the Group	Occupancy rate
The Parkside [#]	35,300 sq.ft	2019	50%	97%
Lake Silver [#]	31,400 sq.ft	2019	50%	100%
Shop in Cheung Sha Wan Road	3,900 sq.ft	2020	100%	100%
2 Shops in Electric Road	800 sq.ft	2021	100%	100%
Parkville [#]	10,000 sq.ft	2021	64%	100%
Jumbo Court [#]	509 car parking spaces	2021	50%	100%
Sunny House Kai Tak ^{@ #}	1,424 beds [@]	2023	35%	under renovation

[@] The name was rebranded from "Pentahotel Hong Kong, Kowloon" to "Sunny House Kai Tak" during the financial year. The property is under renovation as at the date of this announcement, and it is estimated that 1,424 beds will be provided to the market after completion of renovation in July 2024.

[#] The Group has been engaged as the asset manager in the projects.

The Group's portfolio of investment properties comprised of 2 wholly-owned commercial properties and 5 projects partnered with global private equity funds, including Kohlberg Kravis Roberts & Co. L.P. and Angelo, Gordon & Co., L.P. ("AG"), and individual investors with stakes ranging from 35% to 64%. As at the date of this announcement, the overall occupancy rate of the Group's investment properties are over 97%, except for Sunny House Kai Tak, which is undergoing renovation and is expected to reopen in the third quarter of 2024.

During the year ended 31 March 2024, the Group entered into the sale and purchase agreements with several independent investors to dispose of 5 shops on the ground floor of Parkville, for an aggregate consideration of approximately HK\$87.5 million. A profit of approximately HK\$2.8 million has been recognised from these disposals through "Share of profits and losses of joint ventures".

In September 2023, two wholly-owned subsidiaries of the Company entered into the sale and purchase agreements with a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("WYT"), a fellow subsidiary of the Company, to sell the entire issued share capital and shareholder's loans of two property holding companies for an aggregate initial consideration of HK\$78.8 million. Completion of the disposals took place on 25 October 2023 and 15 November 2023, respectively. Please refer to the joint announcement of the Company and WYT dated 8 September 2023 and the circular of the Company dated 29 September 2023 for further details.

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 further details of the residential and commercial properties of which the Group has been engaged as asset manager, please refer to the above sections of "Property Development" and "Property Investment".

Hospitality

In December 2022, the Group has formed a new joint venture with AG 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 formerly known as “Pentahotel Hong Kong, Kowloon”. The property is rebranded as “Sunny House Kai Tak” and will be redeveloped as student accommodation upon the completion of renovation and is expected to offer 720 rooms with total number of 1,424 beds to the market. As at the date of this announcement, the property is undergoing renovation and is planned to reopen in the third quarter of 2024.

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

Property Management

The Group started the property management business in 2017. As at the date of this announcement, the Group manages 7 projects. The pricing model of the management fee charged by the Group is based by reference to a proportion of the total annual expenses incurred by respective buildings, providing a fair and transparent pricing structure. In the near future, due to an increase in the delivery of project of “The Met” series, the Group anticipates an expansion in the property management business. The Group will continue to invest in a professional property management team and advanced management technology to deliver high-quality services and meet customer demands.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group’s total assets less current liabilities were approximately HK\$6,014.3 million (2023: approximately HK\$7,327.3 million) and the current ratio was approximately 1.4 times (2023: approximately 1.5 times). As at 31 March 2024, the Group had cash and bank balances of approximately HK\$722.7 million (2023: approximately HK\$869.2 million).

Aggregate bank borrowings as at 31 March 2024 amounted to approximately HK\$3,988.7 million (2023: approximately HK\$3,999.1 million). The gearing ratio was approximately 73.4% (2023: approximately 59.4%), calculated by reference to the Group's total bank borrowings net of cash and bank balances and the equity attributable to owners of the parent. As at 31 March 2024, the Group's property, plant and equipment, investment properties, properties under development and properties held for sales, with carrying value of approximately HK\$74.9 million, HK\$71 million, HK\$2,168.7 million and HK\$1,659.7 million, respectively (2023: approximately HK\$78.1 million, HK\$147.0 million, HK\$4,187.6 million and HK\$123.5 million, respectively) were pledged to secure the Group's general banking facilities.

The Group's capital commitment as at 31 March 2024 amounted to approximately HK\$1,573.5 million (2023: approximately HK\$1,121.8 million). In addition, the Group's share of joint ventures' own capital commitments amounted to approximately HK\$548.3 million (2023: approximately HK\$110.9 million). The Group has given guarantee to banks in connection with facilities granted to two joint ventures up to approximately HK\$370.4 million (2023: approximately HK\$450.8 million) and were utilized to the extent of approximately HK\$301.3 million as at 31 March 2024 (2023: approximately HK\$250.3 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 2024, interest-bearing debt profile of the Group was analyzed as follows:

	31 March 2024	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans repayable:		
Within one year or on demand	3,100,477	1,961,685
In the second year	46,380	2,037,447
In the third to fifth year, inclusive	841,837	–
	<u>3,988,694</u>	<u>3,999,132</u>
Other loans repayable		
Within one year	49,280	206,230
In the second year	456,830	–
In the third to fifth year, inclusive	220,000	–
	<u>726,110</u>	<u>206,230</u>
	<u>4,714,804</u>	<u>4,205,362</u>

The effective interest rate for those bank and other loans with floating interest rates was approximately 6.6% (31 March 2023: approximately 4.9%) per annum, while certain other loans bear interest at fixed interest rates ranging from 6.0% to 17.5% (31 March 2023: at 6.0%) per annum.

During the financial year and up to the date of this announcement, the Group has in place bank facilities in the respective amounts of approximately HK\$2.4 billion and HK\$1.2 billion bank facilities which are sustainability-linked loan (“SLL”) and green loan (“Green Loan”). 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. This Green Loan is in alignment with the Green Loan principles (“GLP”) issued by the Asia Pacific Loan Market Association Limited in May 2020, as updated in February 2023. The GLP seeks to support borrowers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy, protect and restore the environment, facilitate adaptation to climate change, and/or provide other environmental benefits. 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, ASSOCIATES AND JOINT VENTURES 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, associates and joint ventures and future plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 145 (2023: 128) employees in Hong Kong. The Group remunerates its employees mainly based on industry practices and individual performance and experience. In addition to salaries, we provide discretionary bonuses based on individual performance and our business performance, medical insurance coverage and a wide range of leave entitlements. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong.

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

Although Hong Kong Government has finally relaxed all property market cooling measures in early 2024, given the existing high interest rate environment and a high level of unsold inventory in completed property projects, it is expected the property market in Hong Kong will continue to struggle and remain weak in 2024. Therefore, in the coming year, the Group will speed up sales so to reduce inventory level with the aim of achieving faster turnover and quick return.

In January 2024, the Group successfully launched the pre-sales of Phoenext. As of the date of this announcement, approximately 59.9% of the project has been sold with total contracted sales of approximately HK\$703.9 million. The Group also plans to launch the pre-sales of three projects in the coming financial year, all of which are located in Hong Kong Island with a total saleable areas of approximately 177,000 sq.ft. All these projects are located at a prime location within walking distance to MTR stations. On the other hand, the Group has obtained the completion certificates of MOUNT POKFULAM in March 2024 and as of the date of this announcement, the Group has obtained the occupation permit of Larchwood. The unsold area of these two projects amounted approximately to 51,200 sq.ft. Due to these abundant saleable resources, management is confident that the Group will achieve a higher contracted sales in the coming financial year.

The Chief Executive’s 2023 Policy Address has stated that the Government will build Hong Kong into an international hub for post-secondary education, with measures including doubling the non-local student quota for the taught undergraduate programmes of various University Grants Committee (UGC)-funded institutions to 40% starting from the 2024/25 academic year. The Group foresees that Sunny House Kai Tak, in partnership with AG, will reap the benefits of this scheme. The Group’s objective is to position Sunny House Kai Tak as one of the leading youth co-living and university student accommodation provider in Hong Kong in the near future.

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 2024 is still a challenging year. The Group will maintain its prudent approach towards business development and financial positions, with the primary objective of achieving a stable return for its 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 strives to minimize the negative impact of its operation on the surrounding environment and natural resources. The Group has implemented policies to formulate environmental analysis and management plans throughout the project cycle, so as to identify and mitigate indirect and long-term impacts on the ecological environment. During the Financial Year, the Group achieved a commendable 4-star rating for the Development Benchmark and ranked 3rd in our peer comparison in the 2023 GRESB assessment. This recognition highlights our dedication to integrating ESG principles into all our development portfolios, striving for excellence in sustainability benchmarks, and leading the industry in sustainable development.

Social

The Group affirms it is important to give back to our community and places significant emphasis on contributing to the local community. Therefore, the Group actively participates in community activities and public welfare initiatives to demonstrate its social responsibility. During the Financial Year, the Group organized the “Festive Visiting Programs” through Hong Kong New Arrivals Services Foundation Limited. Our staff volunteers spread love and blessings to the underprivileged families who live in subdivided apartments by visiting them and providing much-needed support and care. In addition, the Group participated in the “Walk for Millions” program in Hong Kong to raise public awareness and support for those in need, particularly the underprivileged and disadvantaged numbers of society. The Group generously donated funds towards promoting community engagement and social responsibility, and also addressed critical social concerns such as poverty, education, healthcare, and environmental protection.

Governance

Management believes that sustainable development is vital to the successful development of companies in the long term. To achieve this, the Group maintains 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. Information regarding the Group's corporate governance is addressed more in depth in the "Corporate Governance Report" section of the annual report and the Environmental, Social and Governance Report both to be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in due course.

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. donation to 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 C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange save as below:

After the resignation of the former non-executive chairman on 8 February 2021, 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 2024 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 C3 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 2024. 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 2024 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 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 for determining eligibility to attend and vote at the annual general meeting proposed to be held on Tuesday, 20 August 2024:

Latest time to lodge transfer documents for registration	: 4:30 p.m., Wednesday, 14 August 2024
Closure of register of members	: Thursday, 15 August 2024 to Tuesday 20 August 2024 (both days inclusive)
Record date	: Tuesday, 20 August 2024

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 2024 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, 26 June 2024

As at the date of this announcement, the Board comprises Mr. Tang Ho Hong 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.